See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
EPHRATA COMMUNITY HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
169 MARTIN AVE PO BOX 1002

City or town, state or country, and ZIP + 4
EPHRATA, PA 175221002

D Employer identification number
23-1370484

E Telephone number
(717)738-6411

G Gross receipts $ 196,140,957

F Name and address of principal officer
JOHN PORTER
169 MARTIN AVE PO BOX 1002
EPHRATA,PA 175221002

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW EPHRATAHOSPITAL ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1940 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
HOSPITAL PROVIDING PREVENTIVE, PRIMARY, ACUTE CARE, DIAGNOSTIC AND REHABILITATIVE SERVICES

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,752
6	Total number of volunteers (estimate if necessary)	**6**	244
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,462,994
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	180,414

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,062,722	3,273,132
	9 Program service revenue (Part VIII, line 2g)	173,070,298	176,329,808
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	255,962	1,601,406
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	895,559	1,758,397
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	175,284,541	182,962,743
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	5,623,942	8,179,055
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	89,270,306	89,130,042
	16a Professional fundraising fees (Part IX, column (A), line 11e)	27,700	130,633
	b Total fundraising expenses (Part IX, column (D), line 25) ▶682,479		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	77,225,760	79,070,043
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	172,147,708	176,509,773
	19 Revenue less expenses Subtract line 18 from line 12	3,136,833	6,452,970

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	128,151,924	135,472,061
	21 Total liabilities (Part X, line 26)	65,452,814	79,011,807
	22 Net assets or fund balances Subtract line 21 from line 20	62,699,110	56,460,254

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

****** 2013-03-25
Signature of officer — Date

JOHN A HOLMES CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ JULIUS GREEN CPA | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P00350393

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PARENTEBEARD LLC
1650 MARKET STREET SUITE 4500
PHILADELPHIA, PA 19103

EIN ▶ 23-2932984

Phone no ▶ (215) 972-0701

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THE MISSION OF EPHRATA COMMUNITY HOSPITAL 1) TO ASSURE COMMUNITY ACCESS TO HEALTH CARE SERVICES THAT ARE HIGH IN QUALITY, COMPASSIONATE AND COST-EFFECTIVE 2) TO PARTNER WITH EMPLOYEES, PHYSICIANS, VOLUNTEERS, AND OTHER HEALTH CARE ORGANIZATIONS TO MEET THE HEALTH CARE NEEDS OF THE COMMUNITIES WE SERVE 3) TO COMBINE ADVANCED MEDICAL TECHNOLOGY WITH PROFESSIONAL, PERSONALIZED CARE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 163,454,529 including grants of $ 8,179,055) (Revenue $ 175,514,476)

EPHRATA COMMUNITY HOSPITAL IS AN ACUTE CARE HOSPITAL PROVIDING CARE FOR RESIDENTS OF NORTHERN LANCASTER COUNTY AND SURROUNDING COMMUNITIES FOR THE FISCAL YEAR THAT ENDED JUNE 30, 2012, PROGRAM SERVICES INCLUDED 7,081 INPATIENT ACUTE, SUB-ACUTE, BEHAVIORAL HEALTH, ACUTE REHAB AND NEWBORN ADMISSIONS, FOR A TOTAL OF 26,765 PATIENT BED DAYS ADDITIONALLY, OUTPATIENT SERVICES INCLUDED 413,163 PATIENT VISITS THESE SERVICES INCLUDED IMAGING STUDIES (X-RAY, ULTRASOUND, MRI, CT, MAMMOGRAPHY), LAB TESTING, PHYSICAL, OCCUPATIONAL AND SPEECH THERAPY, NON-INVASIVE CARDIOLOGY PROCEDURES INCLUDING ECHOCARDIOGRAMS AND EKG'S, BEHAVIORAL HEALTH COUNSELING, RADIATION AND MEDICAL ONCOLOGY, EMERGENCY DEPARTMENT VISITS, PRENATAL CARE THROUGH OUR HEALTHY BEGINNINGS PLUS PROGRAM, SLEEP TESTING, HOME CARE AND ADDITIONAL THERAPEUTIC AND DIAGNOSTIC SERVICES BEYOND THESE SERVICES, THE HOSPITAL PROVIDES A RANGE OF COMMUNITY WELLNESS AND HEALTH EDUCATION PROGRAMS IN THE FISCAL YEAR THAT ENDED JUNE 30, 2012, THERE WERE 2,050 PROGRAMS/SERVICES OFFERED, SERVING 8,164 PEOPLE IN OUR COMMUNITY THESE PROGRAMS INCLUDE HEALTH SCREENINGS, DIABETES EDUCATION, AND WEIGHT MANAGEMENT, SMOKING CESSATION, INSTRUCTION IN CPR AND FIRST AID, SUPPORT GROUPS, IMMUNIZATIONS, COMMUNITY HEALTH FAIRS AND HEALTH EDUCATION NEWSLETTERS AND TELEVISION PROGRAMMING MANY OF THESE PROGRAMS ARE OFFERED FOR FREE OR AT A MINIMAL COST TO PARTICIPANTS BECAUSE THE HOSPITAL'S MISSION IS TO PROVIDE CARE TO ALL, REGARDLESS OF ABILITY TO PAY, WE WORK WITH PATIENTS WHO HAVE DIFFICULTY PAYING THEIR BILLS DURING THE FISCAL YEAR ENDING JUNE 30, 2012, THE PATIENT FINANCIAL SERVICES TOOK AN ACTIVE ROLE IN PROMOTING THE ECH CARES PROGRAM THAT ASSISTS NEEDY PATIENTS, WITH EPHRATA ULTIMATELY PROVIDING $2,759,000 IN CHARITY CARE THE ESTIMATED COSTS OF PROVIDING CHARITY CARE ARE BASED UPON DIRECT AND INDIRECT COSTS IDENTIFIED WITH SPECIFIC CHARITY CARE SERVICES PROVIDED

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 163,454,529

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	222		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,752			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	22		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ PA

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

JOHN A HOLMES CFO
169 MARTIN AVE PO BOX 1002
EPHRATA, PA 175221002
(717) 738-6753

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,296,944	344,527	376,489

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶64

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
CMC BILLING SERVICES 2121 NOBLESTOWN ROAD PITTSBURGH, PA 15205	BILLING/COLLECTION SERVICES	884,566
KEYSTONE REHABILITATION SYSTEMS PO BOX 1289 INDIANA, PA 15701	PHYSICAL THERAPY SERVICES	820,865
CENTRAL PA ALLIANCE LAB PO BOX 2767 YORK, PA 17405	LAB SERVICES	741,917
ONSITE NEONATAL PC 1000 HADDONFIELD BERLIN ROAD SUITE VOORHEES, NJ 08043	NEONATOLOGIST SERVICES	699,999
CONSULTANT PEOPLE 396 W MAIN STREET LEWISVILLE, TX 75057	COMPUTER CONSULTING	580,542

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶28

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	236,172			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	44,669			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,992,291			
	g	Noncash contributions included in lines 1a-1f $ 9,573					
	h	**Total.** Add lines 1a-1f		3,273,132			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	621990	175,188,824	175,188,824		
	b	LAB COURIER REVENUE	621500	805,751		805,751	
	c	MEDICAL EQUIPMENT	541900	335,233		335,233	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		176,329,808			
	3	Investment income (including dividends, interest and other similar amounts)		441,859			441,859
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	1,381,324				
	b	Less rental expenses	1,727,160				
	c	Rental income or (loss)	-345,836				
	d	Net rental income or (loss)			-345,836		157,113	-502,949
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	9,200,778	3,205,757			
	b	Less cost or other basis and sales expenses	8,592,144	2,654,844			
	c	Gain or (loss)	608,634	550,913			
	d	Net gain or (loss)			1,159,547			1,159,547
Other Revenue	8a	Gross income from fundraising events (not including $ 236,172 of contributions reported on line 1c) See Part IV, line 18	a 71,161				
	b	Less direct expenses	b 114,310				
	c	Net income or (loss) from fundraising events			-43,149			-43,149
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a 129,680				
	b	Less cost of goods sold	b 89,756				
	c	Net income or (loss) from sales of inventory			39,924			39,924
		Miscellaneous Revenue	Business Code				
	11a	INCOME FROM INVESTMENT	900099	888,367			888,367
	b	CAFETERIA REVENUE	722210	485,628			485,628
	c	COMMUNITY HEALTH EDUCA	611710	265,102	265,102		
	d	All other revenue		468,361	60,550	164,897	242,914
	e	**Total.** Add lines 11a–11d		2,107,458			
	12	**Total revenue.** See Instructions		182,962,743	175,514,476	1,462,994	2,712,141

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	8,179,055	8,179,055		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,489,274	580,688	908,586	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	446,966	214,068		232,898
7	Other salaries and wages	64,165,676	60,086,130	4,053,177	26,369
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,779,763	2,583,419	185,203	11,141
9	Other employee benefits	15,721,783	14,537,070	1,122,508	62,205
10	Payroll taxes	4,526,580	4,207,902	299,407	19,271
11	Fees for services (non-employees)				
a	Management				
b	Legal	229,716		229,716	
c	Accounting	-3,161		-3,161	
d	Lobbying	57,644	57,644		
e	Professional fundraising *See Part IV, line 17* . .	130,633			130,633
f	Investment management fees				
g	Other	12,453,557	10,444,243	1,952,925	56,389
12	Advertising and promotion	453,472	441,031	8,771	3,670
13	Office expenses	8,959,792	8,631,700	285,516	42,576
14	Information technology	2,668,555	2,229,917	422,690	15,948
15	Royalties . .				
16	Occupancy	6,553,231	6,233,350	317,390	2,491
17	Travel	439,955	397,337	42,162	456
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	196,317	94,783	96,697	4,837
20	Interest	1,202,080		1,202,080	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	8,433,221	8,433,221		
23	Insurance	1,031,541	1,300	1,030,241	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	UBI TAX	82,500		82,500	
b	MEDICAL SUPPLIES	25,919,497	25,919,256	34	207
c	BAD DEBT EXPENSE	6,876,282	6,876,282		
d	CONTINGENCY TAX	1,884,077	1,884,077		
e					
f	All other expenses	1,631,767	1,422,056	136,323	73,388
25	**Total functional expenses.** Add lines 1 through 24f	176,509,773	163,454,529	12,372,765	682,479
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	29,471	1	24,611
	2	Savings and temporary cash investments	12,734,861	2	9,545,327
	3	Pledges and grants receivable, net	299,825	3	2,291,073
	4	Accounts receivable, net	21,677,091	4	21,907,636
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	5,488,142	8	5,070,224
	9	Prepaid expenses and deferred charges	2,318,483	9	2,817,445
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 147,516,761			
	b	Less accumulated depreciation — 10b: 80,490,504	66,581,799	10c	67,026,257
	11	Investments—publicly traded securities	16,418,374	11	24,419,331
	12	Investments—other securities See Part IV, line 11	1,511,316	12	1,327,825
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	1,092,562	15	1,042,332
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	128,151,924	16	135,472,061
Liabilities	17	Accounts payable and accrued expenses	17,391,800	17	21,337,329
	18	Grants payable		18	
	19	Deferred revenue	123,662	19	110,462
	20	Tax-exempt bond liabilities	30,970,000	20	29,768,146
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties	320,000	23	787,600
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	16,647,352	25	27,008,270
	26	**Total liabilities.** Add lines 17 through 25	65,452,814	26	79,011,807
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	61,498,241	27	53,071,006
	28	Temporarily restricted net assets	528,637	28	2,739,393
	29	Permanently restricted net assets	672,232	29	649,855
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	62,699,110	33	56,460,254
	34	Total liabilities and net assets/fund balances	128,151,924	34	135,472,061

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	182,962,743
2	Total expenses (must equal Part IX, column (A), line 25)	2	176,509,773
3	Revenue less expenses Subtract line 2 from line 1	3	6,452,970
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	62,699,110
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-12,691,826
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	56,460,254

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
EPHRATA COMMUNITY HOSPITAL	23-1370484

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		57,644
j	Total lines 1c through 1i			57,644
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	LOBBYING ACTIVITIES CONSISTED OF PHONE CALLS AND MEETINGS BY AN INDEPENDENT CONTRACTOR TO LOBBY ON BEHALF OF THE HOSPITAL AT BOTH THE FEDERAL AND STATE LEVEL FOR HEALTHCARE ISSUES, GRANT MONEY, AND APPROPRIATIONS MONEY THE LOBBYING FIRM (BRAVO GROUP, INC) WAS PAID $50,719 FOR THIS SERVICE THE HOSPITAL ALSO PAYS DUES TO THE HOSPITAL & HEALTHCARE ASSOCIATION OF PENNSYLVANIA ("HAP") THE PORTION OF DUES USED BY HAP FOR LOBBYING PURPOSES WAS $6,925

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,449,105		3,449,105
b Buildings		54,205,657	23,269,738	30,935,919
c Leasehold improvements		4,773,886	3,080,267	1,693,619
d Equipment		79,640,801	52,386,759	27,254,042
e Other		5,447,312	1,753,740	3,693,572
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				67,026,257

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
CHARITABLE GIFT ANNUITIES	99,888
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS & ADVANCES	1,742,250
PENSION LIABILITY	21,234,128
CASH FLOW DERIVATIVE FINANCIAL INSTRUMENT	2,287,513
DEFERRED COMPENSATION	1,640,719
OTHER LIABILITIES	3,772
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	27,008,270

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	182,962,743
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	176,509,773
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	6,452,970
4	Net unrealized gains (losses) on investments	4	-248,254
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-12,443,572
9	Total adjustments (net) Add lines 4 - 8	9	-12,691,826
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-6,238,856

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	172,161,349
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-248,254		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-12,443,572		
e	Add lines **2a** through **2d**			2e	-12,691,826
3	Subtract line **2e** from line **1**			3	184,853,175
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	-1,890,432		
c	Add lines **4a** and **4b**			4c	-1,890,432
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	182,962,743

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	178,400,205
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	1,890,432		
e	Add lines **2a** through **2d**			2e	1,890,432
3	Subtract line **2e** from line **1**			3	176,509,773
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	176,509,773

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN ITS FINANCIAL STATEMENTS USING A RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS BEEN MET MANAGEMENT DETERMINED THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION THRESHOLD IN 2012 AND 2011 THE HOSPITAL'S FEDERAL EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURNS FOR 2009, 2010, AND 2011 REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE
PART XI, LINE 8 - OTHER ADJUSTMENTS		PENSION LIABILITY ADJUSTMENT -11,409,177 UNREALIZED LOSS ON DERIVATIVE FINANCIAL INSTRUMENT -1,011,017 CHANGE IN VALUATION OF BENEFICIAL INTEREST IN PERPETUAL TRUSTS -23,378 TOTAL TO SCHEDULE D, PART XI, LINE 8 -12,443,572
PART XII, LINE 2D - OTHER ADJUSTMENTS		PENSION LIABILITY ADJUSTMENT -11,409,177 UNREALIZED LOSS ON DERIVATIVE FINANCIAL INSTRUMENT -1,011,017 CHANGE IN VALUATION OF BENEFICIAL INTEREST IN PERPETUAL TRUSTS -23,378
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSE -1,686,366 SPECIAL EVENTS EXPENSE -114,310 GIFT SHOP EXPENSES -89,756
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE 1,686,366 SPECIAL EVENTS EXPENSE 114,310 GIFT SHOP EXPENSES 89,756

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
CENTRAL AMERICA AND THE CARIBBEAN	0	0	INVESTMENT		315,010
3a Sub-total	0	0			315,010
b Total from continuation sheets to Part I	0	0			0
c **Totals** (add lines 3a and 3b)	0	0			315,010

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☐ Yes	☑ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 23-1370484
Name: EPHRATA COMMUNITY HOSPITAL

Part V **Supplemental Information**

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☑ Mail solicitations
- **b** ☑ Internet and e-mail solicitations
- **c** ☑ Phone solicitations
- **d** ☑ In-person solicitations
- **e** ☑ Solicitation of non-government grants
- **f** ☑ Solicitation of government grants
- **g** ☑ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☑ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
THE SHERIDAN GROUP 4510 SOUTH 34TH STREET ARLINGTON, VA 22206	PROFESSIONAL FUNDRAISING		No	0	130,633	-130,633
Total . . . . . ▶					130,633	-130,633

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

PA

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 GOLF OUTING (event type)	(b) Event #2 STARLIGHT GALA (event type)	(c) Other Events 2 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	151,420	81,648	74,265	307,333
	2 Less Charitable contributions	110,839	61,668	63,665	236,172
	3 Gross income (line 1 minus line 2)	40,581	19,980	10,600	71,161
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	3,900		722	4,622
	6 Rent/facility costs	21,496	1,945	100	23,541
	7 Food and beverages	18,738	14,921	8,383	42,042
	8 Entertainment		2,600	800	3,400
	9 Other direct expenses	5,141	6,747	28,817	40,705
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(114,310)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-43,149

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	**13a**	
b An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
EXPLANATION OF FUNDRAISING PAYMENTS	SCHEDULE G, PART I, LINE 2B, COLUMN (V)	THE PROFESSIONAL FUNDRAISER PERFORMED CONSULTING SERVICES FOR THE HOSPITAL THE AMOUNT PAID TO THE FUNDRAISER REPORTED ON LINE 2B REPRESENTS THE FEES CHARGED FOR THESE CONSULTING SERVICES PLUS TRAVEL EXPENSES NO GROSS RECEIPTS WERE REPORTED AS THE PROFESSIONAL FUNDRAISER DID NOT PERFORM ANY DIRECT SOLICITATION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			2,661,229		2,661,229	1 570 %
b Medicaid (from Worksheet 3, column a)			15,841,450	9,812,469	6,028,981	3 550 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			595,985	498,936	97,049	0 060 %
d **Total** Charity Care and Means-Tested Government Programs			19,098,664	10,311,405	8,787,259	5 180 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			168,884		168,884	0 100 %
f Health professions education (from Worksheet 5)			147,867		147,867	0 090 %
g Subsidized health services (from Worksheet 6)			3,768,534	2,254,000	1,514,534	0 890 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			117,266		117,266	0 070 %
j **Total** Other Benefits			4,202,551	2,254,000	1,948,551	1 150 %
k **Total.** Add lines 7d and 7j			23,301,215	12,565,405	10,735,810	6 330 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			16,676	11,926	4,750	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			16,676	11,926	4,750	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	2,392,386		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	980,878		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	31,924,000		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	44,041,800		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-12,117,800		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	EPHRATA COMMUNITY HOSPITAL 169 MARTIN AVENUE EPHRATA,PA 17522	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

EPHRATA COMMUNITY HOSPITAL

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☑ The policy was attached to all billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**14**	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☐ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**16**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **17**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN PART I, LINE 7 A PATIENT COST TO CHARGE RATIO WAS UTILIZED FOR LINES A, B AND C USING WORKSHEET 2 FOR FORM 990 ACTUAL SPECIFIC COST IDENTIFICATION WAS UTILIZED FOR LINES E, F, G AND I

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THERE ARE NO COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC INCLUDED IN THE FIGURES FOR SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 6876282

Identifier	ReturnReference	Explanation
		PART II THE AMOUNT REPORTED IN PART II IS STRICTLY RELATED TO EXERCISES THAT THE ORGANIZATION HAS PARTICIPATED IN TO BETTER PREPARE ITSELF TO SUPPORT THE COMMUNITIES IT SERVES IN THE EVENT OF A SIGNIFICANT EMERGENCY OR CATASTROPHIC EVENT

Identifier	ReturnReference	Explanation
		PART III, LINE 4 FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE ACCOUNTS RECEIVABLE, PATIENTS AND OTHER RECEIVABLES ARE REPORTED AT NET REALIZABLE VALUE ACCOUNTS ARE WRITTEN OFF WHEN THEY ARE DETERMINED TO BE UNCOLLECTIBLE BASED UPON MANAGEMENT'S ASSESSMENT OF INDIVIDUAL ACCOUNTS THE ALLOWANCE FOR DOUBTFUL COLLECTIONS IS ESTIMATED BASED UPON A PERIODIC REVIEW OF THE ACCOUNTS RECEIVABLE AGING, PAYOR CLASSIFICATIONS, AND APPLICATION OF HISTORICAL WRITE-OFF PERCENTAGES COSTING METHODOLOGY USED TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 2 AND 3 BAD DEBT EXPENSE AMOUNTS CALCULATED USING THE PATIENT COST TO CHARGE RATIO (WORKSHEET 2 OF FORM 990) OTHER BAD DEBT AMOUNTS ARE NOT INCLUDED IN COMMUNITY BENEFITS HOW THE ORGANIZATION ACCOUNTS FOR DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS IN DETERMINING BAD DEBT EXPENSE BAD DEBT EXPENSE IS DRIVEN BY THE BAD DEBT ALLOWANCE, WHICH IS BASED UPON HISTORICAL BAD DEBT WRITE-OFF ACTIVITY, LESS PAYMENTS MADE ON ACCOUNTS AFTER THEY HAVE BEEN WRITTEN OFF METHOD THE ORGANIZATION USES TO DETERMINE THE AMOUNT THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, IF SUFFICIENT INFORMATION HAD BEEN AVAILABLE TO MAKE A DETERMINATION OF THEIR ELIGIBILITY RATIONALE FOR INCLUDING BAD DEBT AMOUNTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS FROM UTILIZATION OF INDEPENDENT PRESUMPTIVE CHARITY CARE SCORING ON ACCOUNTS SENT TO BAD DEBTS FOR THE MONTH OF JULY 2012 TO COME TO A PERCENTAGE TO APPLY TO FISCAL YEAR 2012

Identifier	ReturnReference	Explanation
		PART III, LINE 8 COSTING METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT, AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 MEDICARE COST REPORT, LESS EXPENSE AMOUNTS SPECIFICALLY ATTRIBUTABLE TO LINE 7G THESE EXPENSE AMOUNTS ARE CALCULATED USING ACTUAL COST TO CHARGE RATIOS FOR THE DEPARTMENTS INVOLVED THE EXTENT TO WHICH ANY SHORTFALL REPORTED IN PART III, LINE 7 SHOULD BE TREATED AS A COMMUNITY BENEFIT AS A MEDICARE CONTRACTOR, WE HAVE NO SAY ON THE AMOUNT OF REIMBURSEMENT, YET FOR ALL PRACTICAL PURPOSES NEED TO CONTRACT WITH MEDICARE TO REMAIN VIABLE SO, TO THE EXTENT THAT WE HAVE EXPENSES IN EXCESS OF REVENUE, IT SHOULD BE TREATED AS A BENEFIT TO THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B COLLECTION PRACTICES SET FORTH IN THE POLICY THAT APPLY TO PATIENTS THAT THE ORGANIZATION KNOWS QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE PATIENTS WHO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE ARE NOT SUBJECT TO DEBT COLLECTION AS THE ACCOUNTS ARE PULLED OUT PRIOR TO BEING SENT TO COLLECTIONS OR PUT ON HOLD PENDING COMPLETION OF THE APPLICATION PROCESS ACCOUNTS WILL BE PULLED OUT OF COLLECTIONS IF A CHARITY CARE APPLICATION IS SUBSEQUENTLY COMPLETED

Identifier	ReturnReference	Explanation
EPHRATA COMMUNITY HOSPITAL		PART V, SECTION B, LINE 15E NO ACTIONS ARE TAKEN BEFORE MAKING REASONABLE EFFORTS TO DETERMINE THE PATIENT'S ELIGIBILITY UNDER THE FACILITY'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
EPHRATA COMMUNITY HOSPITAL		PART V, SECTION B, LINE 16E NO ACTIONS ARE TAKEN BEFORE MAKING REASONABLE EFFORTS TO DETERMINE THE PATIENT'S ELIGIBILITY UNDER THE FACILITY'S FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 A FORMAL COMMUNITY NEEDS ASSESSMENT WAS INITIATED IN 2012 WITH DATA GATHERING AND AN ACTION PLAN PREPARED THE ASSESSMENT WAS A JOINT EFFORT WITH LANCASTER GENERAL HEALTH, AND THE FINDINGS WERE PRESENTED TO THE COMMUNITY IN MAY AT A HEALTH SUMMIT ORGANIZED BY THE COLLABORATIVE EFFORT OF THE LANCASTER HEALTH IMPROVEMENT PARTNERSHIP AND THE LANCASTER COUNTY BUSINESS GROUP ON HEALTH FINDINGS FROM THE NEEDS ASSESSMENT ARE AVAILABLE ON THE HOSPITAL'S WEBSITE, WWW EPHRATAHOSPITAL ORG

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 EPHRATA COMMUNITY HOSPITAL INFORMS AND EDUCATES PATIENTS AND PERSONS WHO ARE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE FOR FEDERAL, STATE, OR LOCAL GOVERNMENT PROGRAMS VIA THE FOLLOWING WAYS 1 DURING THE PRE-SERVICE PROCESS, THE FINANCIAL COUNSELORS VERIFY ALL FINANCIAL INFORMATION WITH THE PATIENT AND/OR GUARANTOR AT THAT TIME, THE FINANCIAL COUNSELOR WILL THEN EDUCATE THE PATIENT OF THEIR POTENTIAL FINANCIAL RESPONSIBILITY AND MAKE NUMEROUS RECOMMENDATIONS TO ASSIST THEM IN SATISFYING THIS PORTION ONE OF THESE AVENUES IS TO RECOMMEND OUR ECH CARES CHARITY PROGRAM AND TO REFER THEM TO OBTAIN MEDICAL ASSISTANCE (MA) VIA OUR IN-HOUSE MA COUNSELOR THAT WE SUBCONTRACT WITH THE FINANCIAL COUNSELOR WILL OFFER THESE OPTIONS ALSO IF THE PATIENT IS A TRUE SELF PAY AND HAS NO INSURANCE COVERAGE 2 WHEN THE PATIENT PRESENTS AT ANY OF OUR REGISTRATION SITES, THEY ARE ALSO INFORMED OF OUR OFFERINGS OF OUR ECH CARES CHARITY PROGRAM AS WELL AS THE CONVENIENCE OF HAVING AN MA COUNSELOR AVAILABLE FOR THEM TO SPEAK WITH LOCATED AT OUR HOSPITAL 3 IN ADDITION, ACCESS ASSOCIATES ALSO HAVE INFORMATION READILY AVAILABLE TO THEM TO ASSIST WALK-IN PATIENTS WHO MAY BE UNDERINSURED OR UNINSURED POLICY & PROCEDURE DICTATES THAT ANY SERVICE WE OFFER THAT IS ESTIMATED TO COST $1,000 OR MORE, AND THE PATIENT IS EITHER UNDERINSURED OR UNINSURED, WE DISCUSS THE PATHS MEDICAL ASSISTANCE PROCESS AND HAVE THAT PATIENT SIGN A LIMITED POWER OF ATTORNEY WE ALSO PROVIDE AN ECH CARES BROCHURE AT THAT TIME AND BRIEFLY EXPLAIN THE APPLICATION PROCESS, AND THAT THE MA VENDOR WILL ASSIST THEM WITH THIS APPLICATION AS WELL AS THE MA APPLICATION THESE CONVERSATIONS ARE DOCUMENTED WITH PROPER FOLLOW-UP 4 CENTRAL REGISTRATION - DEALING WITH EMERGENCY PATIENTS - FINANCIAL POLICY IS AVAILABLE - AND ROUTINELY DISCUSSES PATHS MA VENDOR, AND ECH CARES PROPER POWER OF ATTORNEY FORM IS SIGNED AND FORWARDED TO THE MA REPRESENTATIVE FOR FOLLOW-UP 5 SIGNAGE IS POSTED IN THE ER DEPARTMENT HALLWAY INFORMING PATIENTS OF THE HOSPITAL'S FINANCIAL POLICY 6 VERBIAGE ON THE STATEMENTS INFORMING THE PATIENTS OF THE AVAILABILITY OF THE VARIOUS AVENUES TO HELP THEM WITH THEIR OBLIGATION, INCLUDING MEDICAL ASSISTANCE AND OUR ECH CARES PROGRAM 7 VERBIAGE ON THE EXTERNAL WEBSITE TO INFORM THE PATIENTS OF THE AVAILABILITY OF THE VARIOUS AVENUES TO HELP THEM WITH THEIR OBLIGATION, INCLUDING MEDICAL ASSISTANCE AND OUR ECH CARES PROGRAM 8 CUSTOMER SERVICE AGENTS HAVE SCRIPTING TO INFORM THE PATIENTS OF THE AVAILABILITY OF THE VARIOUS AVENUES TO HELP THEM WITH THEIR OBLIGATION, INCLUDING MEDICAL ASSISTANCE AND OUR ECH CARES PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE MISSION OF EPHRATA COMMUNITY HOSPITAL IS TO MEET THE PRIMARY AND ACUTE CARE NEEDS, AS WELL AS THE NEED FOR DIAGNOSTIC AND REHABILITATIVE SERVICES WITHIN THE COMMUNITIES THAT WE SERVE INDEPENDENTLY DEVELOPED TO SERVE LOCAL NEEDS, THE PRIMARY PURPOSE OF THE HOSPITAL IS TO ASSURE COMMUNITY ACCESS TO QUALITY, COMPASSIONATE AND COST-EFFICIENT HEALTHCARE WITH A QUALIFIED AND DIVERSIFIED MEDICAL STAFF, EPHRATA COMMUNITY HOSPITAL CARES FOR THE NEEDS OF PATIENTS OF ALL AGES WITH COURTESY AND PROFESSIONAL EXPERTISE EPHRATA COMMUNITY HOSPITAL SERVES THE NORTHERN LANCASTER COUNTY COMMUNITY AS WELL AS PARTS OF SOUTHERN BERKS COUNTY, EASTERN LEBANON COUNTY AND WESTERN CHESTER COUNTY MANY OF THE PATIENTS USING SERVICES OFFERED BY EPHRATA COMMUNITY HOSPITAL RESIDE IN THE FOLLOWING ZIP CODES 17039 KLEINFELTERSVILLE, PA17501 AKRON, PA17505 BIRD IN HAND, PA17506 BLUE BALL, PA17507 BOWMANSVILLE, PA17508 BROWNSTOWN, PA17517 DENVER, PA17519 EAST EARL, PA17522 EPHRATA, PA17528 GOODVILLE, PA17529 GORDONVILLE, PA17533 HOPELAND, PA17540 LEOLA, PA17543 LITITZ, PA17557 NEW HOLLAND, PA17564 PENRYN, PA17567 REAMSTOWN, PA17569 REINHOLDS, PA17578 STEVENS, PA17580 TALMAGE, PA17581 TERRE HILL, PA17585 WITMER, PA19501 ADAMSTOWN, PATHE COMMUNITY SERVED INCLUDES THE BOROUGHS OF EPHRATA, NEW HOLLAND, DENVER, ADAMSTOWN AND LITITZ AS WELL AS SURROUNDING TOWNSHIPS ALTHOUGH PREDOMINANTLY SUBURBAN, THE REGION SERVED ALSO INCLUDES A SIGNIFICANT PORTION OF LANCASTER COUNTY'S FARMING COMMUNITY EPHRATA COMMUNITY HOSPITAL SERVES THIS INCREASINGLY DIVERSE POPULATION THROUGH A MAIN FACILITY IN EPHRATA BOROUGH AND FREESTANDING OUTPATIENT CENTERS IN STEVENS, EPHRATA, NEW HOLLAND, LEOLA, LITITZ, ROTHSVILLE, BROWNSTOWN AND ADAMSTOWN ADDITIONALLY, THE HOSPITAL OPERATES A FREESTANDING CANCER CENTER IN EPHRATA EPHRATA COMMUNITY HOSPITAL IS THE ONLY NONPROFIT INPATIENT FACILITY IN NORTHERN LANCASTER COUNTY HEART OF LANCASTER REGIONAL MEDICAL CENTER, A FOR-PROFIT FACILITY IS LOCATED IN LITITZ, 9 MILES TO THE WEST LANCASTER GENERAL HOSPITAL IS LOCATED IN THE CITY OF LANCASTER 13 MILES SOUTH OF EPHRATA, AND THE READING HOSPITAL MEDICAL CENTER IS 18 MILES NORTH OF EPHRATA THE PENNSYLVANIA DEPARTMENT OF HEALTH'S LANCASTER HEALTH PROFILE FOR 2012 INDICATES THAT 13 6% OF THE COUNTY'S POPULATION IS ELIGIBLE FOR MEDICAL ASSISTANCE THE CONTINUING ECONOMIC DOWNTURN AND ONGOING UNEMPLOYMENT AND UNDEREMPLOYMENT IN THIS REGION CONTRIBUTE TO THIS 1 9% INCREASE IN MEDICAL ASSISTANCE ELIGIBILITY EXPERIENCED SINCE 2009 THE PENNSYLVANIA DEPARTMENT OF LABOR AND INDUSTRY REPORTED AN AVERAGE 2011 UNEMPLOYMENT RATE FOR LANCASTER COUNTY AT 6 8% HIGHER UNEMPLOYMENT THAN WHAT WAS TRADITIONALLY EXPERIENCED IN THIS REGION HAS RESULTED IN INCREASED LEVELS OF UNINSURED INDIVIDUALS IN THIS REGION (DEMOGRAPHIC AND WORKFORCE DATA SPECIFIC FOR EPHRATA COMMUNITY HOSPITAL'S PRIMARY SERVICE AREA IS NOT PUBLICLY REPORTED BY STATE OR FEDERAL AGENCIES) WITHIN LANCASTER COUNTY'S POPULATION, THE PENNSYLVANIA DEPARTMENT OF HEALTH REPORTS THAT HEART DISEASE, CANCER, STROKE, RESPIRATORY DISEASE AND DIABETES ARE AMONG THE TOP TEN LEADING DISEASE-RELATED CAUSES OF DEATH EPHRATA COMMUNITY HOSPITAL OFFERS SERVICES AND PROGRAMS SPECIFICALLY TARGETING THESE DISEASES FOR EXAMPLE, THE EPHRATA CANCER CENTER HAS EARNED COMMENDATIONS FROM THE AMERICAN COLLEGE OF SURGEONS' COMMISSION ON CANCER FOR THE FULL COMPLEMENT OF SERVICES AVAILABLE IN THIS COMMUNITY THE JOINT COMMISSION HAS ALSO AWARDED EPHRATA COMMUNITY HOSPITAL DISEASE-SPECIFIC CERTIFICATION IN HEART FAILURE AND STROKE CARE THROUGH PULMONARY REHABILITATION, CARDIAC REHABILITATION AND DIABETES EDUCATION PROGRAMS, A MULTIDISCIPLINARY TEAM OF PROFESSIONALS HELPS PATIENTS TO MANAGE CHRONIC CONDITIONS TO AVOID MORE COSTLY INTERVENTIONS AND TO ENHANCE THE PATIENTS' QUALITY OF LIFE THE COMMUNITY SERVED BY EPHRATA COMMUNITY HOSPITAL ALSO INCLUDES ONE OF THE LARGEST SETTLEMENTS OF PLAIN MENNONITE AND AMISH FAMILIES IN THE UNITED STATES THE PLAIN POPULATION DOES NOT UTILIZE COMMERCIAL OR GOVERNMENTAL PAYERS FOR HEALTHCARE SERVICES, AND IS THEREFORE CONSIDERED A SELF-PAY POPULATION EPHRATA COMMUNITY HOSPITAL CONTINUES TO DEVELOP SERVICES, FACILITIES AND PAYMENT PACKAGES TO BETTER SERVE THIS DEMOGRAPHIC SEGMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 FIFTEEN OUT OF TWENTY-TWO BOARD MEMBERS ARE INDEPENDENT (ARE NOT EMPLOYEES NOR FAMILY MEMBERS OR CONTRACTORS OF THE ORGANIZATION), WITH ALL BUT ONE MEMBER RESIDING WITHIN THE ORGANIZATION'S PRIMARY SERVICE AREA THE BOARD MEMBERS WHO ARE NOT INDEPENDENT HAVE A BUSINESS OR EMPLOYMENT RELATIONSHIP WITH THE HOSPITAL OR ITS AFFILIATES WHICH ARE ARM'S LENGTH TRANSACTIONS ASIDE FROM ANESTHESIA, RADIOLOGY, NEONATOLOGY, AND BARIATRICS, WHICH HAVE EXCLUSIVE CONTRACTS, THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THROUGH OUR MAIN CAMPUS AND OUR COMMUNITY LOCATIONS, EPHRATA COMMUNITY HOSPITAL PROVIDES A RANGE OF WELLNESS AND HEALTH EDUCATION PROGRAMS DESIGNED TO PROMOTE HEALTHY LIFESTYLES AND DISEASE PREVENTION THESE PROGRAMS INCLUDE HEALTH SCREENINGS, DIABETES EDUCATION, AND WEIGHT MANAGEMENT, SMOKING CESSATION, INSTRUCTION IN CPR AND FIRST AID, SUPPORT GROUPS, IMMUNIZATIONS, PARTICIPATION IN COMMUNITY HEALTH FAIRS, HEALTH EDUCATION NEWSLETTERS AND TELEVISION PROGRAMMING MANY OF THESE PROGRAMS ARE OFFERED FOR FREE OR AT A MINIMAL COST TO PARTICIPANTS EPHRATA COMMUNITY HOSPITAL ALSO SERVES AS A RESOURCE FOR STUDENTS CONSIDERING A HEALTHCARE CAREER AS WELL AS THOSE ENROLLED IN HEALTHCARE TRAINING PROGRAMS JOB SHADOWING OPPORTUNITIES AND CLINICAL TRAINING PLACEMENTS ARE AVAILABLE WITHIN SEVERAL HOSPITAL DEPARTMENTS STAFF MEMBERS ALSO SPEAK AT COMMUNITY EVENTS AND IN LOCAL EDUCATIONAL INSTITUTIONS AS NEEDED, HELPING BUILD AWARENESS OF THE ONGOING NEED FOR SKILLED HEALTHCARE PROFESSIONALS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE HOSPITAL PROVIDES INPATIENT, OUTPATIENT, DURABLE MEDICAL EQUIPMENT AND HOME CARE SERVICES TO THE COMMUNITIES WE SUPPORT, WHILE THE NORTHERN LANCASTER COUNTY MEDICAL GROUP AND PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP PROVIDE OUTPATIENT PHYSICIAN SERVICES TO THOSE SAME COMMUNITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 WHILE COMMUNITY BENEFIT REPORTS ARE PREPARED, NONE ARE FILED WITH THE COMMONWEALTH OF PENNSYLVANIA OR ANY OTHER STATE

Additional Data

Software ID:
Software Version:
EIN: 23-1370484
Name: EPHRATA COMMUNITY HOSPITAL

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **17** Name and address	Type of Facility (Describe)
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING
EPHRATA CANCER CENTER 460 NORTH READING ROAD EPHRATA, PA 17522	MEDICAL & RADIOLOGY ONCOLOGY/PET SCANNING

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) NORTHERN LANCASTER COUNTY MEDICAL GROUP169 MARTIN AVENUE PO BOX 1002 EPHRATA,PA 17522	20-3033058	501(C)(3)	6,034,831	0	N/A	N/A	CHARITABLE ACTIVITIES
(2) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP 169 MARTIN AVENUE PO BOX 1002 EPHRATA,PA 17522	45-2537633	501(C)(3)	2,132,885	0	N/A	N/A	CHARITABLE ACTIVITIES

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 2

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION ONLY PROVIDES GRANTS OR ASSISTANCE TO OTHER CHARITABLE ORGANIZATIONS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) LLOYD G GOLDFARB MD	(i)	0	0	0	0	0	0	0
	(ii)	321,749	22,100	678	14,700	25,000	384,227	0
(2) JOHN M PORTER JR	(i)	394,338	107,150	44,353	14,700	25,000	585,541	0
	(ii)	0	0	0	0	0	0	0
(3) VINCENT D GLIELMI DO	(i)	190,011	43,150	0	14,005	25,000	272,166	0
	(ii)	0	0	0	0	0	0	0
(4) ROBERT F GRAUPENSPERGER	(i)	210,713	44,550	0	14,700	25,000	294,963	0
	(ii)	0	0	0	0	0	0	0
(5) JOHN A HOLMES	(i)	206,425	41,900	0	9,584	25,000	282,909	0
	(ii)	0	0	0	0	0	0	0
(6) PETER C COTE MD	(i)	469,241	39,429	7,156	14,700	25,000	555,526	0
	(ii)	0	0	0	0	0	0	0
(7) RENU LAMBA MD	(i)	247,984	135,382	61,903	9,800	25,000	480,069	0
	(ii)	0	0	0	0	0	0	0
(8) WILFRED A LAYNE MD	(i)	417,437	5,000	0	9,800	25,000	457,237	0
	(ii)	0	0	0	0	0	0	0
(9) STEVEN W ZEBERT DO	(i)	321,886	15,000	0	14,700	25,000	376,586	0
	(ii)	0	0	0	0	0	0	0
(10) HARRIS BADERAK DO	(i)	262,057	30,000	1,879	9,800	25,000	328,736	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 7	OFFICERS AND HIGHEST COMPENSATED EMPLOYEES HAVE INDIVIDUAL GOALS AND OBJECTIVES AS PART OF THEIR REVIEW PROCESS AS WELL AS TEAM GOALS AND BONUSES THE CEO'S BONUS IS DETERMINED BY THE BOARD, ALL OTHERS ARE DETERMINED BY THE CEO

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	LANCASTER MUNICIPAL AUTHORITY	23-7334160		11-09-2009	23,930,000	REFUND 2006 BONDS AND PAY ISSUANCE COSTS		X		X		X
B	LANCASTER MUNICIPAL AUTHORITY	23-7334160		02-01-2010	4,570,000	REFUND 1997 BONDS AND PAY ISSUANCE COSTS		X		X		X
C	LANCASTER MUNICIPAL AUTHORITY	23-7334160		05-17-2012	9,938,000	REFUND 7/1/2010 REVENUE NOTE, PAY ISSUANCE COSTS, FINANCE CONSTRUCTION		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,010,000	685,000		
2	Amount of bonds defeased				
3	Total proceeds of issue	23,930,000	4,570,000	9,938,000	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow	21,713,375	3,825,000	3,143,138	
7	Issuance costs from proceeds	206,625	60,000	188,760	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds			631,249	
11	Other spent proceeds				
12	Other unspent proceeds			5,974,853	
13	Year of substantial completion			2013	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X		X		X			
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
PART V	PROCEDURES TO UNDERTAKE CORRECTIVE ACTION	ALTHOUGH THE ORGANIZATION DOES NOT CURRENTLY HAVE SUCH PROCEDURES DOCUMENTED IN WRITING, IT DOES FOLLOW SUCH PROCEDURES AND IS CONSIDERING ADOPTING A FORMAL, WRITTEN POLICY IN THE FUTURE

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) EPHRATA NATIONAL BANK	BOARD MEMBER AARON GROFF, JR IS PRESIDENT OF EPHRATA NATIONAL BANK	153,001	THE HOSPITAL HAS BANK ACCOUNTS AND LOANS WITH EPHRATA NATIONAL BANK THE AMOUNT REPORTED HERE REPRESENTS INTEREST EXPENSE INCURRED ON THE LOANS WITH THE BANK AND OTHER BANK FEES THE HOSPITAL FOLLOWS A CONFLICT OF INTEREST POLICY, AND ALL TRANSACTIONS ARE CONDUCTED AT ARM'S LENGTH		No
(2) BRENDA GRAUPENSPERGER	WIFE OF THE HOSPITAL'S EXECUTIVE VP/COO ROBERT GRAUPENSPERGER	103,730	THE AMOUNT REPORTED HERE REPRESENTS COMPENSATION EARNED FOR PROVIDING SERVICES AS AN EMPLOYEE OF THE HOSPITAL		No
(3) ANNE THEODORAN	WIFE OF BOARD MEMBER CHRIS M THEODORAN, DO	58,229	THE AMOUNT REPORTED HERE REPRESENTS COMPENSATION EARNED FOR PROVIDING SERVICES AS AN EMPLOYEE OF THE HOSPITAL		No
(4) MARCIA STOESZ	WIFE OF BOARD CHAIRMAN DEAN A STOESZ	48,100	THE AMOUNT REPORTED HERE REPRESENTS COMPENSATION EARNED FOR PROVIDING SERVICES AS AN EMPLOYEE OF THE HOSPITAL		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE SHALL HAVE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE CORPORATION DURING THE INTERIM BETWEEN THE MEETINGS OF THE BOARD OF DIRECTORS PROVIDED THAT ANY ACTION TAKEN SHALL NOT CONFLICT WITH THE POLICIES AND DIRECTIONS OF THE BOARD OF DIRECTORS AND REPORT ALL ACTIONS TO THE BOARD THE EXECUTIVE COMMITTEE CONSISTS OF THE FOLLOWING BOARD MEMBERS CHAIRMAN OF BOARD, VICE CHAIRMAN, TREASURER (ASSISTANT TREASURER IN ABSENCE OF TREASURER), SECRETARY (ASSISTANT SECRETARY IN ABSENCE OF SECRETARY), PAST ACTIVE CHAIRMEN OF THE BOARD, AND THREE ADDITIONAL MEMBERS OF THE BOARD OF DIRECTORS, WHO SHALL BE ELECTED FOR A TWO-YEAR TERM BY THE BOARD AT THE ANNUAL MEETING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION'S FORM 990 IS REVIEWED BY MANAGEMENT THE FINANCE COMMITTEE OF THE ORGANIZATION ALSO REVIEWS THE FORM 990 PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES REVIEW AND SIGN THE CONFLICT OF INTEREST POLICY ANNUALLY THE ORGANIZATION'S LEGAL DEPARTMENT REVIEWS THE SIGNED STATEMENTS AND ADDRESSES ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST THE FOLLOWING ARE PROCEDURES FROM THE ORGANIZATION'S CONFLICT OF INTEREST POLICY WHICH FURTHER ADDRESS HOW THE ORGANIZATION MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY A DUTY TO DISCLOSE IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE AND NATURE OF HIS OR HER INTEREST TO THE BOARD OF DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT THE INTERESTED PARTY IS REQUIRED TO DISCLOSE THE NATURE AND EXTENT OF HIS OR HER INTEREST AND ANY RELEVANT AND MATERIAL FACTS KNOWN TO HIM OR HER ABOUT THE TRANSACTION WHICH MIGHT REASONABLY BE CONSTRUED TO BE ADVERSE TO THE CORPORATION'S INTEREST IN ADDITION, NO DISQUALIFIED PERSON MAY USE INFORMATION DISCUSSED AT BOARD OR COMMITTEE MEETINGS FOR HIS OR HER PERSONAL GAIN B DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS AFTER DISCLOSURE OF THE INTEREST, THE INTERESTED PERSON SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE INTEREST IS DISCUSSED AND VOTED UPON THE BODY TO WHICH SUCH DISCLOSURE IS MADE SHALL MAKE A REASONABLE DETERMINATION OF WHETHER THE DISCLOSURE SHOWS THAT A DISQUALIFIED PERSON HAS AN INTEREST IN THE TRANSACTION UNDER CONSIDERATION AND SHALL DOCUMENT THAT DETERMINATION IN THE MINUTES OF THE BODY C PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST IF IT IS DETERMINED THAT A DISQUALIFIED PERSON HAS AN INTEREST IN THE TRANSACTION, SUCH DISQUALIFIED PERSON SHALL NOT VOTE ON, OR USE HIS OR HER PERSONAL INFLUENCE ON, NOR PARTICIPATE (OTHER THAN TO PRESENT FACTUAL INFORMATION OR TO RESPOND TO QUESTIONS) IN THE DISCUSSIONS OR DELIBERATIONS WITH RESPECT TO, SUCH CONTRACT, TRANSACTION OR DEALING SUCH PERSON SHALL RECUSE HIMSELF OR HERSELF FROM THE MEETING DURING DELIBERATIONS AND VOTING ON THE TRANSACTION AND MAY NOT BE COUNTED IN DETERMINING THE EXISTENCE OF A QUORUM WITH RESPECT TO DELIBERATIONS REGARDING THE CONTRACT OR TRANSACTION UNDER CONSIDERATION THE BOARD OR COMMITTEE OF THE BOARD TO WHICH AUTHORITY TO APPROVE THE DEALING HAS BEEN DELEGATED BY THE BOARD SHALL BE COMPOSED SOLELY OF INDIVIDUALS WHO DO NOT HAVE A CONFLICT OF INTEREST WITH RESPECT TO THE TRANSACTION SAID BODY SHALL CAREFULLY EXAMINE THE FINANCIAL TERMS OF THE DEALING TO ASSURE THAT IT IS FAIR, WOULD NOT RESULT IN AN EXCESS BENEFIT TO THE OTHER PARTY (THAT IS, THAT THE CONSIDERATION TO BE PAID BY THE CORPORATION CONSTITUTES FAIR MARKET VALUE OR IS OTHERWISE REASONABLE) AND IN THE BEST INTERESTS OF THE CORPORATION APPROPRIATE INDEPENDENT DATA AS TO COMPARABILITY, REASONABLENESS, AND FAIR MARKET VALUE SHALL BE OBTAINED AND RELIED UPON BY THE BOARD OR COMMITTEE ALL DELIBERATIONS OF THE BOARD OR COMMITTEE SHALL BE FULLY DOCUMENTED IN, AND ALL INDEPENDENT DATA RELIED UPON BY THE BOARD OR COMMITTEE SHALL BE ATTACHED TO, THE MINUTES OF SUCH PROCEEDINGS AFTER EXERCISING DUE DILIGENCE, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENTS WITH REASONABLE EFFORTS FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST D VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY 1) IF THE BOARD OR COMMITTEE HAS REASONABLE CAUSE TO BELIEVE THAT A MEMBER HAS FAILED TO DISCLOSE ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, IT SHALL INFORM THE MEMBER OF THE BASIS FOR SUCH BELIEF AND AFFORD THE MEMBER AN OPPORTUNITY TO EXPLAIN THE ALLEGED FAILURE TO DISCLOSE 2) IF, AFTER HEARING THE RESPONSE OF THE MEMBER AND MAKING SUCH FURTHER INVESTIGATION AS MAY BE WARRANTED IN THE CIRCUMSTANCES, THE BOARD OR COMMITTEE DETERMINES THAT THE MEMBER HAS IN FACT FAILED TO DISCLOSE AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST, IT SHALL TAKE APPROPRIATE DISCIPLINARY AND CORRECTIVE ACTION, INCLUDING WITHOUT LIMITATION, REQUIRING THE DISQUALIFIED PERSON TO CORRECT THE SITUATION BY PAYING TO THE CORPORATION AN AMOUNT EQUAL TO THE EXCESS BENEFIT RECEIVED BY THAT PERSON PLUS INTEREST AND/OR REMOVAL FROM THE BOARD

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	AN OUTSIDE CONSULTANT WAS USED WITHIN THE LAST TWO YEARS TO REVIEW COMPARATIVE COMPENSATION FOR ALL EXECUTIVE MANAGEMENT POSITIONS (ASSISTANT VICE PRESIDENT AND ABOVE) EACH POSITION IS REVIEWED TO COINCIDE WITH THE ANNIVERSARY DATE OF THE INCUMBENT THIS INFORMATION IS USED BY THE EXECUTIVE COMPENSATION COMMITTEE IN DETERMINING THE APPROPRIATE LEVEL OF COMPENSATION DECISIONS OF THE EXECUTIVE COMPENSATION COMMITTEE ARE DOCUMENTED THIS REVIEW PROCESS BY THE EXECUTIVE COMPENSATION COMMITTEE IS PERFORMED ANNUALLY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS WILL BE MADE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION RESERVES THE RIGHT TO DENY REQUESTS

Identifier	Return Reference	Explanation
AVERAGE HOURS PER WEEK	FORM 990, PART VII, SECTION A, COLUMN (B)	AVERAGE HOURS PER WEEK LISTED IN PART VII ARE FOR THIS LEGAL ENTITY ONLY SOME OF THE INDIVIDUALS LISTED IN PART VII ARE ALSO BOARD MEMBERS OR OFFICERS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP AND/OR PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP, WHICH ARE AFFILIATED, TAX-EXEMPT ORGANIZATIONS ADDITIONAL TIME SPENT BY THESE INDIVIDUALS ON THE ACTIVITIES OF THE RELATED ORGANIZATIONS IS AS FOLLOWS R FRED GROFF, III - 4 HOURS DEAN A STOESZ - 1 HOUR LINDA WEAVER - 1 HOUR PAUL M ZIMMERMAN, JR - 2 HOURS ROBERT F GRAUPENSPERGER - 24 HOURS VINCENT D GLIELMI, D O - 2 HOURS JOHN M PORTER, JR - 3 HOURS LLOYD G GOLDFARB, M D - 40 HOURS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -248,254 PENSION LIABILITY ADJUSTMENT -11,409,177 UNREALIZED LOSS ON DERIVATIVE FINANCIAL INSTRUMENT -1,011,017 CHANGE IN VALUATION OF BENEFICIAL INTEREST IN PERPETUAL TRUSTS -23,378 TOTAL TO FORM 990, PART XI, LINE 5 -12,691,826

Identifier	Return Reference	Explanation
JOINT VENTURE POLICY	FORM 990, PART VI, LINE 16B	THE HOSPITAL DOES NOT CURRENTLY HAVE A FORMAL, WRITTEN POLICY REGARDING JOINT VENTURES HOWEVER, THE HOSPITAL'S LEGAL DEPARTMENT EVALUATES ALL POTENTIAL JOINT VENTURE ARRANGEMENTS AND TAKES STEPS TO SAFEGUARD THE HOSPITAL'S EXEMPT STATUS WITH RESPECT TO JOINT VENTURES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EPHRATA COMMUNITY HOSPITAL

Employer identification number
23-1370484

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) NORTHERN LANCASTER COUNTY MEDICAL GROUP 169 MARTIN AVENUE PO BOX 1002 EPHRATA, PA 17522 20-3033058	PHYSICIAN PRACTICES	PA	501(C)(3)	LINE 11B, II	EPHRATA COMMUNITY HOSPITAL	Yes	
(2) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP 169 MARTIN AVENUE PO BOX 1002 EPHRATA, PA 17522 45-2537633	PHYSICIAN PRACTICES	PA	501(C)(3)	LINE 11B, II	NORTHERN LANCASTER COUNTY MEDICAL GROUP	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) THE REHAB CENTER 855 SPRINGDALE DRIVE SUITE 200 EXTON, PA 19341 25-1687903	PHYSICAL THERAPY REHAB	PA	EPHRATA COMMUNITY HOSPITAL	RELATED	932,658	863,705		No		Yes		51 000 %

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r	Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTHERN LANCASTER COUNTY MEDICAL GROUP	B	6,034,831	COST
(2) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP	B	2,132,885	COST
(3) THE REHAB CENTER	L	649,200	FMV
(4) NORTHERN LANCASTER COUNTY MEDICAL GROUP	A	591,855	FMV
(5) THE REHAB CENTER	I	186,866	FMV
(6) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP	A	105,845	FMV

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 23-1370484
Name: EPHRATA COMMUNITY HOSPITAL

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1) NORTHERN LANCASTER COUNTY MEDICAL GROUP	B	6,034,831	COST
(2) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP	B	2,132,885	COST
(3) THE REHAB CENTER	L	649,200	FMV
(4) NORTHERN LANCASTER COUNTY MEDICAL GROUP	A	591,855	FMV
(5) THE REHAB CENTER	I	186,866	FMV
(6) PHYSICIAN SPECIALISTS OF NORTHERN LANCASTER COUNTY MEDICAL GROUP	A	105,845	FMV

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Form **5471**

(Rev December 2011)

Department of the Treasury

Internal Revenue Service

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

▶ **See separate instructions.**

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning 07-01-2011 , and ending 06-30-2012

OMB No 1545-0704

Attachment Sequence No **121**

Name of person filing this return
EPHRATA COMMUNITY HOSPITAL

A Identifying number
23-1370484

Number, street, and room or suite no (or P O box number if mail is not delivered to street address)
169 MARTIN AVE PO BOX 1002

B Category of filer (See instructions Check applicable box(es))
1 (repealed) 2 ☐ 3 ☐ 4 ☐ 5 ☑

City or town, state, and ZIP code
EPHRATA
PA 175221002

C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period 16 670 %

Filer's tax year beginning 2011-07-01 , and ending 2012-06-30

D Person(s) on whose behalf this information return is filed

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: *Fill in all applicable lines and schedules. All information **must** be in English. All amounts **must** be stated in U.S. dollars unless otherwise indicated.*

1a Name and address of foreign corporation

CASSATT INSURANCE COMPANY LTD
PO BOX HM 1024
HAMILTON HM DX
BD

b(1) Employer identification number, if any
13-7270470

b(2) Reference ID number (see inst)

c Country under whose laws incorporated
BD

d Date of incorporation	**e** Principal place of business	**f** Principal business activity code number	**g** Principal business activity	**h** Functional currency
1991-06-24	BD	524140	INSURANCE	U S ,DOLLAR

2 Provide the following information for the foreign corporation's accounting period stated above

a Name, address, and identifying number of branch office or agent (if any) in the United States
NONE

b If a U S income tax return was filed, enter

(i) Taxable income or (loss)	(ii) U S income tax paid (after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation
DYNA MANAGEMENT SERVICES LTD
141 FRONT STREET
HAMILTON HM 19
BD

d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different
DYNA MANAGEMENT SERVICES LTD
141 FRONT STREET
HAMILTON HM 19
BD

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON	600	600
PREFERRED	17	0

Schedule B U.S. Shareholders of Foreign Corporation (see instructions.)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder **Note:** *This description should match the corresponding description entered in Schedule A, column (a)*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
See Additional Data Table				

Schedule C Income Statement (see instructions.)

Important: *Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.*

				Functional Currency	U.S. Dollars
Income	1a	Gross receipts or sales	1a		
	b	Returns and allowances	1b		
	c	Subtract line 1b from line 1a	1c		
	2	Cost of goods sold	2		
	3	Gross profit (subtract line 2 from line 1c)	3		
	4	Dividends	4		
	5	Interest	5		
	6a	Gross rents	6a		
	b	Gross royalties and license fees	6b		
	7	Net gain or (loss) on sale of capital assets	7		
	8	Other income (attach schedule)	8		27,177,207
	9	Total income (add lines 3 through 8)	9		27,177,207
Deductions	10	Compensation not deducted elsewhere	10		
	11a	Rents	11a		
	b	Royalties and license fees	11b		
	12	Interest	12		
	13	Depreciation not deducted elsewhere	13		
	14	Depletion	14		
	15	Taxes (exclude provision for income, war profits, and excess profits taxes)	15		
	16	Other deductions (attach schedule—exclude provision for income, war profits, and excess profits taxes)	16		27,413,912
	17	Total deductions (add lines 10 through 16)	17		27,413,912
Net Income	18	Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9)	18		-236,705
	19	Extraordinary items and prior period adjustments (see instructions)	19		
	20	Provision for income, war profits, and excess profits taxes (see instructions)	20		
	21	Current year net income or (loss) per books (combine lines 18 through 20)	21		-236,705

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See instructions)

	(a) Name of country or U S possession	Amount of Tax (b) In foreign currency	(c) Conversion rate	(d) In U S dollars
1	U S			
2				
3				
4				
5				
6				
7				
8	Total ▶			

Schedule F Balance Sheet

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1	3,656,486	3,787,088
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	( )	( )
3	Inventories	3		
4	Other current assets (attach schedule)	4		
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach schedule)	6		
7	Other investments (attach schedule)	7	259,403,424	254,776,771
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	( )	( )
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	( )	( )
10	Land (net of any amortization)	10		
11	Intangible assets			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	( )	( )
12	Other assets (attach schedule)	12	20,431,699	19,760,488
13	Total assets	13	283,491,609	278,324,347
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		
15	Other current liabilities (attach schedule)	15	331,081	263,218
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach schedule)	17	181,155,906	174,618,030
18	Capital stock			
a	Preferred stock	18a	900,000	900,000
b	Common stock	18b		
19	Paid-in or capital surplus (attach reconciliation)	19	47,000,686	47,000,686
20	Retained earnings	20	54,103,936	55,542,413
21	Less cost of treasury stock	21	( )	( )
22	Total liabilities and shareholders' equity	22	283,491,609	278,324,347

Schedule G Other Information

		Yes	No
1	During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see the instructions for required attachment	☐	☑
2	During the tax year, did the foreign corporation own an interest in any trust?	☐	☑
3	During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301 7701-2 and 301 7701-3 (see instructions)? If "Yes," you are generally required to attach Form 8858 for each entity (see instructions)	☐	☑
4	During the tax year, was the foreign corporation a participant in a cost sharing arrangement?	☐	☑
5	During the tax year, did the foreign corporation become a participant in a cost sharing arrangement?	☐	☑

Schedule H Current Earnings and Profits (see instructions.)

Important: *Enter the amounts on lines 1 through 5c in **functional** currency.*

1	Current year net income or (loss) per foreign books of account			1	-236,705
2	Net adjustments made to line 1 to determine current earnings and profits according to U S financial and tax accounting standards (see instructions)	**Net Additions**	**Net Subtractions**		
a	Capital gains or losses				
b	Depreciation and amortization				
c	Depletion				
d	Investment or incentive allowance				
e	Charges to statutory reserves				
f	Inventory adjustments				
g	Taxes				
h	Other (attach schedule)	2,945,530			
3	Total net additions	2,945,530			
4	Total net subtractions				
5a	Current earnings and profits (line 1 plus line 3 minus line 4)			5a	2,708,825
b	DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			5b	
c	Combine lines 5a and 5b			5c	2,708,825
d	Current earnings and profits in U S dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions)) Enter exchange rate used for line 5d ▶			5d	

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

1	Subpart F income (line 38b, Worksheet A in the instructions)	1	
2	Earnings invested in U S property (line 17, Worksheet B in the instructions)	2	
3	Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3	
4	Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4	
5	Factoring income	5	
6	Total of lines 1 through 5 Enter here and on your income tax return See instructions	6	
7	Dividends received (translated at spot rate on payment date under section 989(b)(1))	7	
8	Exchange gain or (loss) on a distribution of previously taxed income	8	

		Yes	No
•	Was any income of the foreign corporation blocked?	☐	☑
•	Did any such income become unblocked during the tax year (see section 964(b))?	☐	☑

If the answer to either question is "Yes," attach an explanation

Additional Data

Software ID:
Software Version:
EIN: 23-1370484
Name: EPHRATA COMMUNITY HOSPITAL

Form 5471, Schedule B - U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.):

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: *This description should match the corresponding description entered in Schedule A, Part I, column (a).)*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
CROZER-KEYSTONE HLTH SYS 22-2540851	COMMON	200	200	33 330 %
THE CHESTER COUNTY HOSP 23-0469150	COMMON	100	100	16 670 %
GRAND VIEW HOSPITAL 23-1352181	COMMON	100	100	16 670 %
EPHRATA COMMUNITY HOSP 23-1370484	COMMON	100	100	16 670 %
ABINGTON MEMORIAL HOSP 23-1352152	COMMON	100	100	16 660 %
STUART H FINE	PREFERRED	1	0	

Form 5471, Schedule B - U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.):

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: *This description should match the corresponding description entered in Schedule A, Part I, column (a).)*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
HL PERRY PEPPER	PREFERRED	1	0	
GERALD MILLER	PREFERRED	1	0	
PATRICIA MCALLISTER	PREFERRED	1	0	
DAVID LINES JR	PREFERRED	1	0	
JOHN M PORTER	PREFERRED	1	0	
MICHAEL DALY	PREFERRED	1	0	

Form 5471, Schedule B - U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.):

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: *This description should match the corresponding description entered in Schedule A, Part I, column (a).)*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
RICHARD L JONES JR	PREFERRED	1	0	
GREGORY WUERSTLE	PREFERRED	1	0	
JOAN K RICHARDS	PREFERRED	1	0	
KENNETH E FLICKINGER	PREFERRED	1	0	
RICHARD I BENNETT	PREFERRED	1	0	
BRADFIELD ADDERLEY	PREFERRED	1	0	

Form 5471, Schedule B - U.S. Shareholders of Foreign Corporation (See page 4 of the instructions.):

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder (Note: *This description should match the corresponding description entered in Schedule A, Part I, column (a).)*	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
KATHLEEN BIBBINGS	PREFERRED	1	0	
MICHAEL WALSH	PREFERRED	1	0	
JOHN HOLMES	PREFERRED	1	0	
PHILIP A BARNES	PREFERRED	1	0	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

SCHEDULE J
(Form 5471)
(Rev December 2005)
Department of the Treasury
Internal Revenue Service

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

▶ **Attach to Form 5471. See Instructions for Form 5471.**

OMB No 1545-0704

Name of person filing Form 5471
EPHRATA COMMUNITY HOSPITAL

Identifying number
23-1370484

Name of foreign corporation
CASSATT INSURANCE COMPANY LTD

Important: Enter amounts in functional currency.	**(a)** Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	**(b)** Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	**(c)** Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			**(d)** Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U S Property	*(ii)* Earnings Invested in Excess Passive Assets	*(iii)* Subpart F Income	
1 Balance at beginning of year	25,567,271					25,567,271
2a Current year E&P	2,708,825					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a **or** line 1 minus line 2b)	28,276,096					
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	28,276,096					
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)	28,276,096					28,276,096

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493087002203

Schedule O (Form 5471)

(Rev December 2005)

Department of the Treasury
Internal Revenue Service

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of its Stock

▶ **Attach to Form 5471. See instuctions for Form 5471.**

OMB No 1545-0704

Name of person filing Form 5471

EPHRATA COMMUNITY HOSPITAL

Identifying number
23-1370484

Name of foreign corporation
CASSATT INSURANCE COMPANY LTD

Important: *Complete a **separate** Schedule O for each foreign corporation for which information must be reported*

Part I To Be Completed by U.S. Officers and Directors

(a) Name of shareholder for whom acquisition information is reported	(b) Address of shareholder	(c) Identifying number of shareholder	(d) Date of original 10% acquisition	(e) Date of additional 10% acquisition

Part II To Be Completed by U.S. Shareholders

Note: *If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.*

Section A—General Shareholder Information

(a) Name, address, and identifying number of shareholder(s) filing this schedule	(b) For shareholders latest U S income tax return filed, indicate			(c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation
	(1) Type of return (enter form number)	(2) Date return filed	(3) Internal Revenue Service Center where filed	
EPHRATA COMMUNITY HOSPITAL 169 MARTIN AVE EPHRATA,PA 17522 23-1370484	990	2012-05-01	E-FILED	2012-05-01

Section B—U.S. Persons Who Are Officers or Directors of the Foreign Corporation

(a) Name of U S officer or director	(b) Address	(c) Social Security Number	(d) Check appropriate box(es)	
			Officer	Director
AVAILABLE UPON REQUE				

Section C—Acquisition of Stock

(a) Name of shareholder(s) filing this schedule	(b) Class of stock acquired	(c) Date of acquisition	(d) Method of acquisition	(e) Number of shares acquired		
				(1) Directly	(2) Indirectly	(3) Constructively

(f) Amount paid or value given	(g) Name and address of person from whom shares were acquired

Section D—Disposition of Stock

(a) Name of shareholder(s) disposing of stock	(b) Class of stock	(c) Date of disposition	(d) Method of disposition	(e) Number of shares disposed of		
				(1) Directly	(2) Indirectly	(3) Constructively

(f) Amount received	(g) Name and address of person to whom disposition of stock was made

Section E—Organization or Reorganization of Foreign Corporation

(a) Name and address of transferor	(b) Identifying number (if any)	(c) Date of transfer

(d) Assets transferred to foreign corporation			(e) Description of assets transferred by, or notes or securities issued by, foreign corporation
(1) Description of assets	(2) Fair market value	(3) Adjusted basis (if transferor was U S person)	

Section F—Additional Information

(a) If the foreign corporation or a predecessor U S corporation filed (or joined with a consolidated group in filing) a U S income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U S income tax paid (after all credits)

(b) List the date of any reorganization of the foreign corporation that occured during the last 4 years while any U S person held 10% or more in value or vote (directly or indirectly) of the corporation's stock ▶

(c) If the foreign corporation is a member of a group constituting a chain of ownership, attach a chart, for each unit of which a shareholder owns 10% or more in value or voting power of the outstanding stock The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see instructions for an example)

Additional Data

Software ID:	
Software Version:	
EIN:	23-1370484
Name:	EPHRATA COMMUNITY HOSPITAL

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Earnings and Profits Other Adjustments Statement

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Description	Amount
DECREASE IN LOSS RESERVES-DISC FS	0
CHANGE IN LOSS RESERVES-TAX DIS	8,495,907
REVERSAL OF PRIOR YEAR IMPAIRMENT	0
IMPAIRMENT LOSS	442,939

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Itemized Other Current Liabilities Schedule

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
CASSATT INSURANCE COMPANY LTD	13-7270470	ACCRUED EXPENSES	331,081	263,218

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Itemized Other Assets Schedule

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
CASSATT INSURANCE COMPANY LTD	13-7270470	REINSURANCE RECOVERABLE	18,984,437	18,213,697
		REINSURANCE BALANCES RECEIVABLE	201,568	540,031
		INTEREST RECEIVABLE	1,189,635	886,244
		PREPAID EXPENSES	18,116	10,529
		PENDING TRADES	37,943	109,987

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Other Deductions Schedule

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
REINSURANCE PREMIUMS CEDED		4,796,150
PROVISION FOR LOSSES & LOSS ADJ EXP		21,377,551
OTHER THAN TEMPORARY IMPAIRMENT LOS		442,939
GENERAL AND ADMINISTRATIVE EXPENSE		797,272

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Itemized Other Investments Schedule

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
CASSATT INSURANCE COMPANY LTD	13-7270470	MARKETABLE SECURITIES	259,403,424	254,776,771

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Itemized Other Liabilities Schedule

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

TY 2011 Itemized Other Liabilities Schedule

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
CASSATT INSURANCE COMPANY LTD	13-7270470	IBNR RESERVE	141,090,322	139,110,916
		LOSS RESERVES	40,029,219	35,288,809
		REINSURANCE BALANCES PAYABLE	36,365	218,305

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Other Income Statement

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Description	Foreign Amount	Amount
PREMIUMS EARNED		19,462,714
INVESTMENT INCOME		7,714,493

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493087002203

TY 2011 Paid-In or Capital Surplus Reconciliation Statement

Name: EPHRATA COMMUNITY HOSPITAL

EIN: 23-1370484

Description	Beginning Amount	Ending Amount
SHARE PREMIUM	75,000	75,000
CONTRIBUTED SURPLUS BALANCE FORWARD	46,925,686	46,925,686
ADDITIONAL CONTRIBUTIONS	0	0

Ephrata Community Hospital and Affiliates

Financial Statements

June 30, 2012 and 2011

ParenteBeard

CONFIDENCE THROUGH CLARITY

Ephrata Community Hospital and Affiliates

Table of Contents
June 30, 2012 and 2011

ParenteBeard

Independent Auditors' Report

Board of Directors
Ephrata Community Hospital and Affiliates

We have audited the accompanying consolidated balance sheet of Ephrata Community Hospital and affiliates (collectively the "Hospital") as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ephrata Community Hospital and affiliates as of June 30, 2012 and 2011, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

Pittsburgh, Pennsylvania
October 22, 2012

Ephrata Community Hospital and Affiliates

Consolidated Balance Sheet
June 30, 2012 and 2011
(In Thousands)

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 9,817	$ 13,095
Short-term investments	8,517	3,787
Accounts receivable, patients (net of estimated allowance for doubtful collections of $9,167 in 2012 and $8,604 in 2011)	22,692	21,130
Other receivables (net of estimated allowance for doubtful collections of $306 in 2012 and $2,203 in 2011)	3,167	2,741
Inventories of drugs and supplies	5,070	5,488
Prepaid expenses and other current assets	2,366	2,175
Total current assets	51,629	48,416
Assets Whose Use is Limited	2,747	2,301
Property and Equipment, Net	68,859	68,024
Long-Term Investments	13,803	10,896
Beneficial Interest in Perpetual Trusts	650	672
Investments in and Advances to Joint Ventures	1,328	1,511
Other Assets	2,853	603
Total assets	$ 141,869	$ 132,423

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,956	$ 2,376
Accounts payable, trade	6,943	5,009
Estimated third-party payor settlements and advances	1,742	1,826
Accrued expenses	15,633	14,424
Total current liabilities	26,274	23,635
Long-Term Debt	29,398	29,120
Pension Liability	24,635	13,597
Other Liabilities	6,929	4,282
Total liabilities	87,236	70,634
Net Assets		
Unrestricted	51,244	60,588
Temporarily restricted	2,739	529
Permanently restricted	650	672
Total net assets	54,633	61,789
Total liabilities and net assets	$ 141,869	$ 132,423

See notes to consolidated financial statements

Ephrata Community Hospital and Affiliates

Consolidated Statement of Operations
Years Ended June 30, 2012 and 2011
(In Thousands)

	2012	2011
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenues	$ 206,407	$ 198,042
Other operating revenues	4,156	2,649
Investment income	1,061	478
Net assets released from restrictions used for operations	265	662
Total unrestricted revenues, gains, and other support	211,889	201,831
Expenses		
Salaries, wages, and contract labor	96,118	88,757
Supplies and expenses	68,267	65,177
Employee benefits	27,770	27,312
Provision for doubtful collections	7,360	8,440
Depreciation and amortization	9,106	8,797
Interest	1,231	1,295
Total expenses	209,852	199,778
Operating income	2,037	2,053
Other (Loss) Income		
Change in net unrealized (loss) gain on derivative financial instrument	(1,011)	297
Change in net unrealized (loss) gain on investments	(250)	813
Contributions	597	674
Gain on sale of fixed assets	427	-
Total other (loss) income	(237)	1,784
Revenues in excess of expenses	1,800	3,837
Pension Liability Adjustment	(11,407)	6,209
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	263	39
(Decrease) increase in unrestricted net assets	$ (9,344)	$ 10,085

See notes to consolidated financial statements

Ephrata Community Hospital and Affiliates

Consolidated Statement of Changes in Net Assets
Years Ended June 30, 2012 and 2011
(In Thousands)

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	$ 1,800	$ 3,837
Pension liability adjustment	(11,407)	6,209
Net assets released from restrictions used for purchase of property and equipment	263	39
(Decrease) increase in unrestricted net assets	(9,344)	10,085
Temporarily Restricted Net Assets		
Contributions	2,747	488
Investment income	(9)	-
Net assets released from restrictions used for operations	(265)	(662)
Net assets released from restrictions used for purchase of property and equipment	(263)	(39)
Increase (decrease) in temporarily restricted net assets	2,210	(213)
Permanently Restricted Net Assets		
Valuation loss (gain), beneficial interest in perpetual trusts	(22)	75
(Decrease) increase in net assets	(7,156)	9,947
Net Assets, Beginning	61,789	51,842
Net Assets, Ending	$ 54,633	$ 61,789

See notes to consolidated financial statements

Ephrata Community Hospital and Affiliates

Consolidated Statement of Cash Flows
Years Ended June 30, 2012 and 2011
(In Thousands)

	2012	2011
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (7,156)	$ 9,947
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Provision for doubtful collections	7,360	8,440
Depreciation and amortization	9,106	8,797
(Gain) loss on disposal of property and equipment	(427)	334
Net realized gain on sale of securities	(610)	(75)
Equity in income of investments in joint ventures	(892)	(10)
Net distributions received from (advances to) investments in joint ventures	1,075	(601)
Change in net unrealized loss (gain) on investments	250	(813)
Change in net unrealized loss (gain) on derivative financial instrument	1,011	(297)
Pension liability adjustment	11,407	(6,209)
Restricted contributions	(2,747)	(488)
Valuation loss (gain), beneficial interest in perpetual trusts	22	(75)
Changes in assets and liabilities:		
Accounts receivable, patients	(8,922)	(6,441)
Other receivables	(426)	(2,166)
Inventories of drugs and supplies	418	281
Prepaid expenses and other current assets	(191)	(216)
Other assets	(1,976)	267
Accounts payable, trade	1,934	(548)
Estimated third-party payor settlements and advances	(84)	481
Accrued expenses and other liabilities	2,476	2,817
Net cash provided by operating activities	11,628	13,425
Cash Flows from Investing Activities		
Purchase of property and equipment	(10,812)	(8,629)
Increase in investments	(7,723)	(1,274)
Proceeds from sale of property and equipment	3,431	-
Purchase of intangible assets	-	(36)
Net cash used in investing activities	(15,104)	(9,939)
Cash Flows from Financing Activities		
Proceeds from long-term debt	3,976	6,560
Proceeds from restricted contributions	2,747	488
Repayment of long-term debt	(6,191)	(8,849)
Payment of financing costs	(334)	-
Net cash provided by (used in) financing activities	198	(1,801)
(Decrease) increase in cash and cash equivalents	(3,278)	1,685
Cash and Cash Equivalents, Beginning	13,095	11,410
Cash and Cash Equivalents, Ending	$ 9,817	$ 13,095
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,236	$ 1,317
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Note payable for purchase of equipment	$ 2,073	$ -

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Ephrata Community Hospital ("ECH"), the controlling parent, The Northern Lancaster County Medical Group (the "Medical Group"), and Physician Specialists of Northern Lancaster County Medical Group (the "Physician Specialists") (collectively the "Hospital"). All significant inter-corporate transactions and balances have been eliminated in consolidation.

Nature of Operations

The Hospital's primary operations are conducted within ECH, which operates a not-for-profit acute care hospital that provides inpatient, outpatient, and emergency care services, and employs certain specialty care physicians. The Medical Group and Physician Specialists employ primary care and specialty care physicians. The Hospital's primary service area includes Ephrata, Pennsylvania and surrounding communities in Lancaster County, Pennsylvania.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with a maturity of three months or less, excluding assets whose use is limited and investments.

Assets Whose Use is Limited

Assets whose use is limited includes assets set aside by the Board of Directors (the "Board") for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes, assets held under deferred compensation agreements, assets held by a bond trustee under trust indenture, and donor-restricted investments. Amounts available to meet current liabilities of the Hospital have been reclassified as current assets in the accompanying consolidated balance sheet.

Accounts Receivable, Patients and Other Receivables

Accounts receivable, patients and other receivables are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon a periodic review of the accounts receivable aging, payor classifications, and application of historical write-off percentages.

Inventories of Drugs and Supplies

Inventories of drugs and medical and surgical supplies are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Cash and cash equivalents and certificates of deposit are carried at cost which approximates fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends, and net unrealized gains and losses on trading securities) is included in the determination of revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments other than trading securities are excluded from the determination of revenues in excess of expenses. Donor-restricted investment income is reported as an increase in temporarily restricted net assets. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Hospital's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

The Hospital's investments in joint ventures are accounted for using the equity or cost method of accounting depending on its ownership interest.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method based upon the estimated useful life of each class of depreciable asset. Depreciation was $9,046,000 in 2012 and $8,743,000 in 2011.

The Hospital reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Hospital calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. There were no impairment losses reported in 2012 or 2011.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Other Assets

Financing costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the debt using the straight line method, which approximates the effective interest method. Amortization of deferred financing costs was $60,000 in 2012 and $54,000 in 2011.

Beneficial Interest in Perpetual Trusts

The Hospital has received as contributions various perpetual trusts. Under the perpetual trust arrangements, the Hospital has recorded the asset and has recognized permanently restricted contribution revenue at the fair market value of the Hospital's beneficial interest in the trust assets. Income earned on the trust assets and distributed to the Hospital is recorded as investment income in the accompanying consolidated statement of operations, unless otherwise restricted by the donor. Subsequent changes in fair values are recorded as valuation (loss) gain, beneficial interest in perpetual trusts in permanently restricted net assets. Annual distributions from the trusts are reported as contribution income in the accompanying consolidated statement of operations, unless otherwise restricted by the donor, in the year received.

Estimated Medical Malpractice Claims Liability

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Derivative Financial Instrument

The Hospital has entered into an interest rate swap agreement, which is considered a derivative financial instrument, to manage its interest rate and related cash flow exposure on certain long term debt. The interest rate swap agreement is reported at fair value in the consolidated balance sheet.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific purpose or time periods. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Revenues in Excess of Expenses

The consolidated statement of operations includes the determination of revenues in excess of expenses. Changes in unrestricted net assets which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include unrealized gain on derivative financial instrument, pension liability adjustment, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Patient Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments, and contracted amounts. Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that the estimates used could change in the near term.

Charity Care

The Hospital provides charity care to patients who meet certain criteria without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues. The Hospital maintains records to identify and monitor the level of charity care it provides. The estimated costs of providing charity care are based upon direct and indirect costs identified with specific charity care services provided. The level of charity provided by the Hospital amounted to $2,759,000 in 2012 and $2,275,000 in 2011.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions.

Income Taxes

ECH, the Medical Group, and Physician Specialists are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on their exempt income under Section 501(a) of the Internal Revenue Code.

The Hospital accounts for uncertainty in income taxes recognized in its financial statements using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold in 2012 and 2011.

The Hospital's federal Exempt Organization Business Income Tax Returns for 2009, 2010, and 2011 remain subject to examination by the Internal Revenue Service.

Advertising Costs

Advertising costs are expensed as incurred and were $635,000 in 2012 and $478,000 in 2011.

Subsequent Events

The Hospital evaluated subsequent events for recognition or disclosure through October 22, 2012, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain amounts relating to 2011 have been reclassified to conform to the 2012 reporting format.

2. New Accounting Standards

Charity Care

In August 2010, the Financial Accounting Standards Board ("FASB") issued amended disclosure guidance relating to the measurement of charity care provided. The guidance requires that direct and indirect costs be used as the basis of measurement for charity care disclosure purposes. The guidance also requires disclosure of the method used to identify or determine such costs. The adoption of the amended guidance revised the disclosure in the notes to the Hospital's consolidated financial statements but did not impact amounts reported in the primary consolidated financial statements.

Insurance Claims

In August 2010, FASB issued Accounting Standards Update 2010-24, Presentation of Insurance Claims and Related Insurance Recoveries, which amended guidance relating to the presentation of insurance claims and related insurance recoveries. The guidance clarifies that health care entities may not net insurance recoveries against a related claim liability. In addition, the amount of the claim liability should be determined without consideration of insurance recoveries, if any, should be measured and presented separately within the balance sheet. The adoption of the amended guidance resulted in presenting insurance recoveries and related liabilities on a gross basis in the Hospital's consolidated balance sheet and did not impact net assets.

Provision for Doubtful Collections

The Hospital will be required to adopt amended guidance related to health care entities which requires a change in reporting the provision for bad debts associated with net patient service revenues. As a result of this guidance, the provision, which is currently reported as an operating expense in the Hospital's consolidated statement of operations and changes in net assets, will be reported as a deduction from patient service revenues, net of contractual allowances and discounts. The guidance also enhances required disclosures regarding the policies for recognizing net patient service revenues and assessing bad debts. In addition, the guidance requires disclosure of net patient service revenues and qualitative and quantitative information about changes in the allowance for doubtful accounts, both by major payor sources. The amended guidance is effective for the fiscal years ending after December 15, 2012. Adoption of the amended guidance will require retrospective restatement of the consolidated statement of operations and changes in net assets and prospective financial statement disclosures.

3. Net Patient Service Revenues

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A significant portion of the Hospital's net patient service revenues are derived from those third-party payor programs. A summary of the principal payment arrangements with major third-party payors follows:

- Medicare - Inpatient acute, non-acute, outpatient, and home health services rendered to Medicare program beneficiaries are paid at prospectively determined amounts. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Reimbursements for cost reimbursable expenditures are received at tentative interim rates, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2007.

- Medical Assistance - Inpatient acute care services rendered to Medical Assistance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services are paid at prospectively determined per diem rates. Outpatient services and home health services are paid based on a published fee schedule.

- Blue Cross - Blue Cross inpatient acute and non-acute services and outpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates. Home health services are paid based on prospective rates subject to payment limitations. The Hospital is tentatively reimbursed on an interim basis at other than contract rates with final settlement subsequently determined based on an analysis of actual claims.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and other organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, or prospectively determined daily rates.

Revenue received under third-party arrangements is subject to audit and retroactive adjustment. The Hospital included in net patient service revenues favorable adjustments of $33,000 in 2012 and $91,000 in 2011. The adjustments related to tentative and final settlements of prior year cost reports and other settlements.

Effective July 1, 2010, the Hospital is subject to a Quality Care Assessment (the "Assessment") imposed by the Pennsylvania Department of Public Welfare ("DPW") under Pennsylvania Act 49 of 2010, which is 2.95% of net inpatient revenue from the Hospital's 2008 federal fiscal year cost report. Effective July 1, 2011, the rate increased to 3.22%. The Assessment was pursued by Pennsylvania in an effort to increase the federal share of Medical Assistance funding under the Medicaid Modernization Act. In turn, DPW provides additional reimbursement to the Hospital.

4. Investments and Assets Whose Use is Limited

Investments

The composition of investments at June 30, 2012 and 2011 is set forth in the following table:

	2012	2011
	(In Thousands)	
Cash and cash equivalents	$ 1,616	$ 410
Equity mutual funds	4,581	1,785
Fixed income mutual funds	5,267	5,274
Marketable equity securities	2,374	3,609
Certificates of deposit	4,394	1,405
Corporate bonds	1,591	701
U.S. government bonds and notes	271	404
Municipal bonds	2,226	1,095
Total	$ 22,320	$ 14,683

Investments were recognized in the consolidated balance sheet at June 30, 2012 and 2011 based on the Hospital's investment policy as follows:

	2012	2011
	(In Thousands)	
Short-term investments	$ 8,517	$ 3,787
Long-term investments	13,803	10,896
Total	$ 22,320	$ 14,683

Assets Whose Use is Limited

Assets whose use is limited include the following investments at June 30, 2012 and June 30, 2011:

	2012	2011
	(In Thousands)	
Under deferred compensation agreements:		
Cash and cash equivalents	$ 37	$ 86
Fixed income mutual funds	324	293
Equity mutual funds	1,926	1,700
Subtotal	2,287	2,079
Donor-restricted:		
Cash and cash equivalents	20	67
Certificate of deposit	325	75
Municipal bonds	90	30
U. S. government bonds and notes	25	50
Subtotal	460	222
Total	$ 2,747	$ 2,301

Investment income and gains and losses are comprised of the following in 2012 and 2011:

	2012	2011
	(In Thousands)	
Investment income:		
Interest and dividend income	$ 451	$ 403
Net realized gains on sale of securities	610	75
Total	$ 1,061	$ 478
Other income,		
Change in net unrealized gain on investments	$ (250)	$ 813

5. Fair Value Measurements and Financial Instruments

Fair Value Measurements

Accounting guidance on fair value measurements defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and defines disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Hospital for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Hospital measures its assets whose use is limited, investments, beneficial interest in perpetual trusts, and derivative financial instrument at fair value on a recurring basis. These financial instruments were measured using the following inputs at June 30:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(In Thousands)		
June 30, 2012				
Assets.				
Cash and cash equivalents	$ 1,673	$ -	$ -	$ 1,673
Certificates of deposit	-	4,719	-	4,719
Equity mutual funds	6,507	-	-	6,507
Fixed income mutual funds	5,591	-	-	5,591
Municipal bonds	-	2,316	-	2,316
U S government bonds and notes	-	296	-	296
Corporate bonds	-	1,591	-	1,591
Marketable equity securities	2,374	-	-	2,374
Beneficial interest in perpetual trusts	-	-	650	650
Total	$ 16,145	$ 8,922	$ 650	$ 25,717
Liabilities,				
Derivative financial instrument	$ -	$ 2,287	$ -	$ 2,287
June 30, 2011.				
Assets				
Cash and cash equivalents	$ 563	$ -	$ -	$ 563
Certificates of deposit	-	1,480	-	1,480
Equity mutual funds	3,485	-	-	3,485
Fixed income mutual funds	5,567	-	-	5,567
Municipal bonds	-	1,125	-	1,125
U S government bonds and notes	-	454	-	454
Corporate bonds	-	701	-	701
Marketable equity securities	3,609	-	-	3,609
Beneficial interest in perpetual trusts	-	-	672	672
Total	$ 13,224	$ 3,760	$ 672	$ 17,656
Liabilities,				
Derivative financial instrument	$ -	$ 1,277	$ -	$ 1,277

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Hospital's beneficial interest in perpetual trusts (in thousands):

Balance at June 30, 2010	$ 597
Distributions received	(17)
Valuation gain	92
Balance at June 30, 2011	672
Distributions received	(27)
Valuation gain	5
Balance at June 30, 2012	$ 650

Financial Instruments

The carrying amounts of cash and cash equivalents and estimated third-party settlements and advances approximate fair value at June 30, 2012 and 2011 due to the short-term nature of these instruments.

Marketable equity securities are valued at fair value based upon quoted market prices in active markets for those securities. Certificates of deposit are valued based upon amortized cost which approximates fair value. Mutual funds are valued at the net asset value of shares held by the Hospital at year end. Corporate bonds, municipal bonds, and U.S. government bonds and notes are valued based on recently executed transactions, market price quotations, bond spreads and credit default spreads for securities with similar maturities. The beneficial interest in perpetual trusts is valued at fair value using the Hospital's percentage of the earnings of the underlying assets applied to the fair value of those assets, which approximates the present value of estimated future cash flows to be received from the trust.

The carrying amount of long-term debt approximates fair value at June 30, 2012 and 2011 based on borrowing rates available to the Hospital for debt with similar terms, maturities, and credit risk.

The Hospital measures its derivative financial instrument at fair value based on proprietary models of an independent third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument. The fair value was estimated using the zero-coupon discounting method and considers the credit risk of the Hospital and the counterparty. This method calculates the future payments required by the derivative financial instrument, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the derivative financial instrument. The value represents the estimated exit price the Hospital would pay to terminate the agreement.

6. Property and Equipment and Accumulated Depreciation

Property and equipment and accumulated depreciation at June 30, 2012 and 2011 consist of the following:

	2012	2011
	(In Thousands)	
Land and land improvements	$ 5,599	$ 7,025
Buildings	77,836	78,145
Equipment	65,969	67,157
Construction-in-progress	3,410	995
Total	152,814	153,322
Less accumulated depreciation	83,955	85,298
Property and equipment, net	$ 68,859	$ 68,024

7. Investments in and Advances to Joint Ventures

Investments in and advances to joint ventures includes the Hospital's investment in entities in which the Hospital has a financial interest. The Hospital applies the equity method of accounting for investments in which significant influence over operating and financial policies of the investee exists even though the Hospital has less than 20% ownership and for investments which the Hospital does not have significant influence over operating and financial policies of the investees for which the Hospital has more than 50% ownership. Investments recorded on the equity method are adjusted for the Hospital's proportionate share of undistributed earnings or losses and these amounts are included in other operating revenue in the accompanying consolidated statement of operations. All other investments in such entities are recorded at cost.

The Hospital has the following investments in joint ventures at June 30, 2012 and 2011:

	2012	2011
	(In Thousands)	
Physiotherapy Associates	$ 837	$ 1,019
Cassatt Insurance Company, Ltd.	315	315
Central Pennsylvania Alliance Laboratory, LLP	175	174
Quest Behavioral Health, Inc.	1	3
Total	$ 1,328	$ 1,511

The Hospital has a 51% interest in Physiotherapy Associates ("PA"), formerly Benchmark Medical, Inc., a for-profit corporation providing rehabilitation services to patients in northern Lancaster County. Since the Hospital does not control PA, the Hospital accounts for its interest under the equity method of accounting. The Hospital's share of the income of this venture was $888,000 in 2012 and $757,000 in 2011. Distributions received were $1,070,000 in 2012 and $333,000 in 2011.

The Hospital has a 14% interest in Cassatt Insurance Company, Ltd. ("Cassatt"), a not-for-profit multi-provider captive insurance company. Cassatt is the owner of a Risk Retention Group, Inc. through which the Hospital has its malpractice insurance coverage. The Hospital accounts for its interest in Cassatt under the cost method of accounting.

The Hospital has a 10% interest in Central Pennsylvania Alliance Laboratory, LLP ("CPAL"), a limited liability partnership providing lab services to member hospitals located in the central Pennsylvania area. The Hospital's share of income of this venture was $1,000 in 2012. There was no income in 2011.

The Hospital has a 10% interest in Quest Behavioral Health, Inc. ("Quest"), a not-for-profit corporation providing a behavioral health managed care plan. The Hospital's share of income of this venture was $3,000 in 2012. There was no income in 2011. Distributions received from this venture were $5,000 in 2012. There were no distributions received in 2011.

8. Demand Note Payable

The Hospital has a $1,000,000 unsecured bank line of credit agreement. Borrowings bear interest at the bank's prime rate (3.25% at June 30, 2012). The line of credit expires on December 1, 2012. There were no borrowings at June 30, 2012 and 2011.

9. Long-Term Debt

A summary of long-term debt as of June 30, 2012 and 2011 is as follows:

	2012	2011
	(In Thousands)	
Hospital revenue notes:		
2009 Note	$ 21,920	$ 22,745
2010A Note	3,885	4,235
Series 2012	3,963	-
Mortgages and notes payable, and capital leases	1,586	526
Revenue bonds repaid in 2012	-	3,990
Total	31,354	31,496
Less current maturities	1,956	2,376
Long-term debt	$ 29,398	$ 29,120

Scheduled principal repayments at June 30, 2012 are as follows (in thousands):

Years ending June 30:	
2013	$ 1,956
2014	1,567
2015	1,950
2016	1,542
2017	1,588
Thereafter	22,751
Total	$ 31,354

Hospital Revenue Notes

On November 9, 2009, the Hospital entered into an Agreement with the Lancaster Municipal Authority (the "Authority"), whereby, the Authority issued, on behalf of the Hospital, a $23,930,000 tax-exempt Revenue Note (Ephrata Community Hospital Project), Series of 2009 (the "2009 Note"). The proceeds of the 2009 Note were used to refund the 2006 Bonds and pay the costs of issuance of the 2009 Note. The 2009 Note is due in varying annual installments through January 1, 2031, plus interest at a variable rate of 72% of LIBOR plus 200 basis points (2.18% at June 30, 2012). The 2009 Note is secured by a security interest in the gross revenues of the Hospital.

On February 1, 2010, the Hospital entered into an Agreement with the Authority, whereby, the Authority issued, on behalf of the Hospital, a $4,570,000 tax-exempt Revenue Note (Ephrata Community Hospital Project), Series of 2010A (the "2010A Note"). The proceeds of the 2010A Note were used to refund the 1997 Bonds and pay the costs of issuance of the 2010A Note. The 2010A Note is due in varying annual installments through April 1, 2021, plus interest at a variable rate of 72% of the sum of LIBOR plus 300 basis points but not less than 2.88% (2.88% at June 30, 2012). The 2010A Note is secured by a security interest in the gross revenues of the Hospital.

In April 2012, the Hospital entered into an Agreement with the Authority, whereby, the Authority issued, on behalf of the Hospital, a $9,938,000 tax-exempt Revenue Note (Ephrata Community Hospital Project), Series of 2012 (the "2012 Note"). The proceeds of the 2012 Note were used to refund the 2010B Note, pay the costs of issuance of the 2012 Note, and to finance certain construction and renovation expenses. The Hospital has drawn down $3,963,000 as of June 30, 2012. The remaining funds are available for the Hospital to draw down until December 31, 2013. Interest only payments are paid monthly at a rate of 65% of LIBOR plus 1.25% (3.26% at June 30, 2012) through April 2014. Principal and interest in varying monthly installments will start May 2014 and end April 2037. The 2010B Note is secured by a security interest in the gross revenues of the Hospital.

The debt agreements contain certain covenants which provide for, among other things, debt service coverage, limitations on future indebtedness and the transfer or sale of assets. At June 30, 2012, the Hospital was in compliance with the required covenants under the terms of the debt agreements.

Mortgages, Notes Payable, and Capital Leases

The Hospital has various mortgages and secured notes payable in varying installment with various interest rates ranging from 5.0% to 6.6% which are due from July 2012 through February 2015. The total amount outstanding is $1,586,000 and $526,000 at June 30, 2012 and 2011, respectively. The mortgages, notes payable and capital leases are secured by property and equipment related to the debt.

10. Accrued Expenses

Accrued expenses at June 30, 2012 and 2011 consist of the following:

	2012	2011
	(In Thousands)	
Vacation pay	$ 5,755	$ 5,152
Salaries and wages	5,192	4,255
Health insurance	2,371	3,031
Defined contribution retirement savings plan	694	658
Payroll withholdings	507	433
Workers' compensation	250	400
Other	864	495
Total	$ 15,633	$ 14,424

11. Other Liabilities

Other liabilities at June 30, 2012 and 2011 consist of the following:

	2012	2011
	(In Thousands)	
Deferred compensation	$ 2,288	$ 2,079
Estimated medical malpractice claims liability	2,250	824
Derivative financial instrument	2,287	1,277
Other	104	102
Total	$ 6,929	$ 4,282

12. Pension Plans

Defined Benefit Plan

The Hospital sponsors a defined benefit pension plan for its employees. The plan provides benefits based on years of service and final average salary.

The following table sets forth the change in benefit obligation, the fair value of plan assets, and the amounts recognized in the consolidated balance sheet at June 30, 2012 and 2011:

	2012	2011
	(In Thousands)	
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 48,610	$ 48,932
Interest cost	2,718	2,610
Actuarial loss (gain)	9,983	(1,599)
Benefits paid	(1,238)	(1,333)
Projected benefit obligations, end of year	60,073	48,610
Change in plan assets:		
Fair value of plan assets, beginning of year	35,013	29,627
Actual return on plan assets (net of expense)	391	5,585
Employer contributions	1,272	1,134
Benefits paid	(1,238)	(1,333)
Fair value of plan assets, end of year	35,438	35,013
Funded status and pension liability at end of year	$ (24,635)	$ (13,597)
Accumulated benefit obligation	$ 60,073	$ 48,610

The following table sets forth the components of net periodic pension cost in 2012 and 2011:

	2012	2011
	(In Thousands)	
Interest cost	$ 2,717	$ 2,610
Expected return on plan assets	(2,784)	(2,358)
Amortization of actuarial loss	968	1,383
Net periodic pension cost	$ 901	$ 1,635

The Hospital expects to contribute approximately $1,700,000 to the pension plan in 2013.

On August 30, 2007, the Board adopted a resolution to freeze its qualified pension plan effective January 1, 2008.

The measurement date used to determine the pension plan asset and benefit obligation information was June 30.

A net loss of $27,792,000 at June 30, 2012 and $16,383,000 at June 30, 2011 represents the unrecognized component of net periodic pension cost included in unrestricted net assets.

The estimated amortization of net loss expected to be recognized in net periodic pension cost in 2013 is $1,385,000.

The weighted-average assumptions used in computing the Hospital's benefit obligation at June 30, 2012 and 2011 are as follows:

	2012	2011
Discount rate	4 28%	5 68%
Rate of compensation increase	N/A	N/A

The weighted-average assumptions used in the measurement of the Hospital's net periodic pension cost in 2012 and 2011 are as follows:

	2012	2011
Discount rate	5 68%	5 41%
Expected return on plan assets	8 00%	8 00%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return on the assets of the plans assumption was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions. Adjustments are made to the expected long-term rate of return assumption when deemed necessary based upon revised expectations of future investment performance of the overall capital markets.

The following table sets forth the actual asset allocation and target asset allocation for the assets of the plans at June 30, 2012 and 2011:

	2012	2011	Target Asset Allocation
Equity securities	57%	60%	60%
Debt securities	38	35	35
Cash and cash equivalents	5	5	5

The composition of plan assets at June 30, 2012 and 2011 is set forth in the following table:

	2012	2011
	(In Thousands)	
Equity securities:		
Common equity securities	$ 19,790	$ 17,911
Closed end funds	-	2,324
Equity mutual funds	519	617
Total	20,309	20,852
Debt securities:		
Asset backed securities	-	1,957
U.S. government obligations	6,813	4,897
Corporate bonds	912	621
Fixed income mutual funds	5,612	4,698
Total	33,646	33,025
Cash and cash equivalents	1,792	1,988
Total	$ 35,438	$ 35,013

The assets of the plan are invested among and within various asset classes in order to achieve sufficient diversification in accordance with the Hospital's risk tolerances. This is achieved through the utilization of asset managers and systematic allocation to investment management styles, providing a broad exposure to different segments of the fixed income and equity markets.

The following table sets forth by level, within the fair value hierarchy (Note 5), the plan assets at fair value as of June 30, 2012 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	$ 1,792	$ -	$ 1,792
Common equity securities	19,790	-	19,790
Equity mutual funds	519	-	519
Fixed income mutual funds	5,612	-	5,612
U.S. government obligations	-	6,813	6,813
Corporate bonds	-	912	912
Total	$ 27,713	$ 7,725	$ 35,438

The following table sets forth by level, within the fair value hierarchy (Note 5), the plan assets at fair value as of June 30, 2011 (in thousands):

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	$ 1,988	$ -	$ 1,988
Common equity securities	17,911	-	17,911
Equity mutual funds	617	-	617
Closed end funds	2,324	-	2,324
Fixed income mutual funds	4,698	-	4,698
Asset backed securities	-	1,957	1,957
U.S. government obligations	-	4,897	4,897
Corporate bonds	-	621	621
Total	$ 27,538	$ 7,475	$ 35,013

The Hospital did not have any plan assets whose fair values were measured using Level 3 inputs at June 30, 2012 and 2011.

The following is a description of the valuation methodologies used to determine fair value:

- Cash and cash equivalents are valued at cost which approximates fair value due to the short maturity of these instruments.
- Common equity securities, equity mutual funds, fixed income mutual funds, and closed end funds are valued at the closing price reported on the active market on which the individual securities are traded.
- U.S. government obligations and asset backed securities are valued by benchmarking model derived prices to quoted market prices and trade data for identical or comparable securities.
- Corporate bonds are valued using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid (in thousands):

Years ending June 30:	
2012	$ 1,573
2013	1,655
2014	1,802
2015	2,040
2016	2,175
2017 - 2021	14,483
Total	$ 23,728

Defined Contribution Retirement Savings Plan

On January 1, 2008, the Hospital began sponsoring a defined contribution plan that is available to substantially all employees. Retirement expense was $2,981,000 in 2012 and $2,795,000 in 2011.

13. Derivative Financial Instrument

The Hospital entered into an interest rate swap agreement, which is considered a derivative financial instrument, to hedge its variable rate interest rate payments due on its 2006 Bonds, which were refinanced with the 2009 Note (Note 10). The Hospital documents its risk management strategy and hedge effectiveness at the inception of and during the term of the hedge. The objective of this swap agreement is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreement is a contract to exchange variable rate for fixed rate payments over the term of the swap agreement without the exchange of the underlying notional amount. The notional amount of the swap agreement is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable or payable, if any, which may be generated as a result of the swap agreement. Management believes that losses related to credit risk are remote. The Hospital's exposure to credit loss under this swap agreement is insured under the terms of a financial guaranty policy. The net cash paid or received under the swap agreement is recognized as an adjustment to interest expense. As a result of this swap agreement, interest expense increased by $379,000 in 2012 and $391,000 in 2011.

The Hospital does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

At June 30, 2012 and 2011, the Hospital has the following interest rate swap in effect:

Notional amount at June 30, 2012	$ 10,890,000
Notional amount at June 30, 2011	$ 11,275,000
Fixed rate	3.583%
Variable rate	68% of LIBOR
Period	February 2006 to January 2031

The fair value of the interest rate swap agreement, which is the approximate amount that the Hospital would pay to terminate the swap agreement, is $2,287,000 at June 30, 2012 and $1,277,000 at June 30, 2011, and was based on information supplied by an independent third party valuation specialist. To the extent that the interest rate swap is effective in converting the variable interest rate on the bonds to a fixed rate, the unrealized gain or loss on the cash flow derivative financial instrument is excluded from revenues in excess of expenses. Gains or losses resulting from hedge ineffectiveness are recognized in revenues in excess of expenses. A loss of $1,011,000 in 2012 and a gain of $297,000 in 2011 were recognized in revenues in excess of expenses as a result of hedge ineffectiveness.

14. Deferred Compensation Plan

The Hospital maintains a deferred compensation plan covering certain key employees which incorporates the tax-deferred salary provisions of Section 457(b) of the Internal Revenue Code. The Hospital funds its obligations with the trustee for the plan. Included in assets whose use is limited and deferred compensation are the Hospital's investments and obligations of $2,288,000 and $2,079,000 at June 30, 2012 and 2011, respectively. There were no benefits paid in 2012 and 2011.

15. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for betterments to plant facilities and purchases of equipment or for a particular purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

During 2012 and 2011, total net assets were released from donor restrictions by satisfying their restricted purposes in the amount of $528,000 and $701,000, respectively.

16. Medical Malpractice Claims Coverage

At June 30, 2012, the Hospital's medical malpractice insurance coverages are provided under the provisions of insurance arrangements as follows:

Primary Coverage - Primary coverage is provided under the terms of an insurance contract which covers losses, if any, which are reported during the period the contract is in force, "claims-made coverage," subject to the per occurrence and aggregate limits of such contract.

MCARE Fund coverage – The Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCARE Fund") provides excess coverage per the Pennsylvania law governing the MCARE Fund. Pursuant to the per occurrence and aggregate limits set forth in the controlling Pennsylvania statutes, the MCARE Fund provides coverage for losses in excess of the primary coverage that was in effect on the date of the incident. The cost of MCARE Fund coverage is recognized as expense in the period incurred. Increases in annual surcharges and concerns over the MCARE Fund's ability to manage and pay claims continues to result in proposals to reform or restructure the MCARE Fund. MCARE Fund coverage is currently scheduled to be reduced in 2013, unless the State Insurance Commissioner determines that additional primary insurance capacity is not available at that time, and eliminated three years after such reduction. The Hospital will be required to purchase additional primary insurance to take the place of the MCARE Fund coverage if it is reduced. Depending upon the ultimate resolution of this matter, the Hospital may incur additional insurance costs.

Umbrella coverage – The Hospital has an umbrella liability insurance contract which insures against losses in excess of the above coverages reported during the period of policy coverage.

Excess coverage – The Hospital has an excess liability insurance contract which insures against losses in excess of the above coverages reported during the period of policy coverage.

The above primary, umbrella and excess coverages are provided by Cassat Risk Retention Group, Inc. ("Cassat RRG"). Cassat RRG was formed as a reciprocal risk retention group to provide liability insurance, reinsurance and risk management services for its subscribers. The Hospital is a subscriber in Cassat RRG as a result of its investment in Cassat.

The Hospital's investment in Cassat is included in investments in joint ventures in the accompanying consolidated balance sheet.

The Hospital's estimated medical malpractice claims tail liability for both asserted and unasserted claims was $783,000 and $824,000 at June 30, 2012 and 2011, respectively. Additionally, June 30, 2012 also includes $1,467,000 in asserted claims under Accounting Standards Update 2010-24. The discount rate used in determining these liabilities was 3.5% at June 30, 2012 and 2011. It is reasonably possible that the estimates used could change materially in the near term.

17. Significant Group Concentrations of Credit Risk

The Hospital's primary operations and service area include most communities of Lancaster County, Pennsylvania. The Hospital grants credit without collateral to its patients, who are insured under third-party payor arrangements, primarily with Medicare, Medical Assistance, Blue Cross and various commercial insurance companies.

At June 30, 2012 and 2011, concentrations of receivables from third-party payors and others are as follows:

	2012	2011
Medicare	31%	31%
Medicaid	11	11
Blue Cross	12	10
Other third party payers	22	23
Self-pay	24	25
	100%	100%

Patient service revenue, by payor class, consisted of the following for the years ended June 30:

	2012	2011
Medicare	39%	41%
Medicaid	7	7
Blue Cross	16	17
Other third party payers	29	28
Self-pay	9	7
	100%	100%

The Hospital maintains its cash and cash equivalents with several financial institutions. Cash and cash equivalents on deposit with any one financial institution are insured to $250,000.

18. Commitments

The Hospital is committed under the terms of operating leases for future minimum rental payments on real property as follows (in thousands):

Years ending June 30:	
2013	$ 8,045
2014	6,782
2015	4,716
2016	3,624
2017	2,849
Thereafter	14,214
Total	$ 40,230

Rental expense on the above commitments was $12,384,000 in 2012 and $11,611,000 in 2011.

19. Contingencies

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance.

Effective July 1, 2010, DPW implemented Act 49 of 2010, which modernized Pennsylvania's fee-for-service hospital payment system, established enhanced hospital payments through the state's Medical Assistance managed care program, and secured matching Medicaid funds through the establishment of the Assessment (Note 3). The Act is only effective through June 30, 2013, after which time the additional reimbursement is not guaranteed to remain. The potential effects of this are not known at this time.

20. Self-Insurance Plans

The Hospital maintains a self-insurance program for its workers' compensation costs. Estimated self-insurance costs are accrued based upon data provided by the third-party administrator of the program and historical claims experience. At June 30, 2012, the Hospital had an outstanding letter of credit in the amount of approximately $1,100,000. This letter of credit is required under law in the state of Pennsylvania for self-funded plans. The letter of credit calls for an interest rate of prime plus fifty basis points (if called). There were no outstanding borrowings on the letter of credit as of June 30, 2012 and June 30, 2011, respectively.

The Hospital also self-insures its employee health coverages. The Hospital accrues the estimated costs of incurred and reported and incurred and unreported claims, after consideration of its stop-loss insurance coverages, based upon data provided by the third-party administrator of the program and its historical claims experience.

21. Functional Expenses

The Hospital provides general acute care and related services to individuals within its geographic location. Expenses related to providing these services in 2012 and 2011 are approximately as follows:

	2012	2011
	(In Thousands)	
Healthcare and other related services	$ 195,367	$ 185,665
General and administrative	14,001	13,707
Fundraising	484	406
Total expenses	$ 209,852	$ 199,778

Additional Data

Software ID:
Software Version:
EIN: 23-1370484
Name: EPHRATA COMMUNITY HOSPITAL

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DEAN A STOESZ CHAIRPERSON	2 00	X		X				0	0	0
R FRED GROFF III VICE CHAIRPERSON	1 00	X		X				0	0	0
WILLIAM C FUNK DMD SECRETARY	1 00	X		X				0	0	0
KENT C TRACHTE PHD ASSISTANT SECRETARY	1 00	X		X				0	0	0
LINDA H WEAVER TREASURER	1 00	X		X				0	0	0
AARON L GROFF JR ASSISTANT TREASURER	1 00	X		X				0	0	0
EDWARD G CAMERINO MD DIRECTOR	1 00	X						0	0	0
CHARLES M EVANS MD DIRECTOR	1 00	X						0	0	0
LLOYD G GOLDFARB MD DIRECTOR	1 00	X						0	344,527	39,700
J RICHARD HALLER DIRECTOR	1 00	X						0	0	0
MICHAEL P KANE ESQ DIRECTOR	1 00	X						0	0	0
LINDA L KLING ESQ DIRECTOR	1 00	X						0	0	0
RICHARD C LEWIS DIRECTOR	1 00	X						0	0	0
RONALD L MILLER CPA DIRECTOR	1 00	X						0	0	0
C DAVID NOLL DO DIRECTOR	1 00	X						0	0	0
GILBER L SAGER DIRECTOR	1 00	X						0	0	0
BONNIE R SHARP DIRECTOR	1 00	X						0	0	0
EARL D SHIRK DIRECTOR	1 00	X						0	0	0
CHRIS M THEODORAN DO DIRECTOR	1 00	X						0	0	0
DALE WHITEBLOOM DO DIRECTOR	1 00	X						0	0	0
E RICHARD YOUNG ESQ DIRECTOR	1 00	X						0	0	0
PAUL M ZIMMERMAN JR DIRECTOR	1 00	X						0	0	0
JOHN M PORTER JR PRESIDENT/CEO	40 00			X				545,841	0	39,700
VINCENT D GLIELMI DO VP, MEDICAL AFFAIRS	40 00			X				233,161	0	39,005
ROBERT F GRAUPENSPERGER EXECUTIVE VP/COO	40 00			X				255,263	0	39,700

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN A HOLMES CFO	40 00			X				248,325	0	34,584
PETER C COTE MD MEDICAL DIRECTOR	40 00					X		515,826	0	39,700
RENU LAMBA MD PHYSICIAN	40 00					X		445,269	0	34,800
WILFRED A LAYNE MD PHYSICIAN	40 00					X		422,437	0	34,800
STEVEN W ZEBERT DO PHYSICIAN	40 00					X		336,886	0	39,700
HARRIS BADERAK DO MEDICAL DIRECTOR	40 00					X		293,936	0	34,800